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MARKETING & TRANSPORTATION Situation



U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE

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MARKET FACTS

Item	Unit or base period	1971					1972	
		Year	3rd qtr.	4th qtr.	2nd qtr.	3rd qtr.		
Farm-Retail Price Spreads: <u>1/</u>								
Retail cost	Dol.	1,244	1,260	1,252	1,291	1,321		
Farm value	Dol.	477	481	484	513	538		
Farm-retail spread	Dol.	767	779	768	778	783		
Farmer's share of retail cost	Pct.	38	38	39	40	41		
Retail Prices: <u>2/</u>								
All goods and services (CPI)	1967=100	121.3	122.0	122.7	124.7	125.8		
All food	1967=100	118.4	119.6	119.4	122.6	124.5		
Food at home	1967=100	116.4	117.7	117.2	120.5	122.6		
Food away from home	1967=100	126.1	127.1	128.2	130.4	131.9		
Wholesale Prices: <u>2/</u>								
Food <u>3/</u>	1967=100	115.5	115.8	116.6	119.4	123.5		
Cotton products	1967=100	110.6	112.2	112.8	121.5	123.1		
Woolen products	1967=100	93.4	92.6	92.1	96.8	101.2		
Agricultural Prices:								
Prices received by farmers	1967=100	112	112	114	123	127		
Prices paid by farmers, interest, taxes and wage rates	1967=100	120	120	121	125	127		
Prices of Marketing Inputs:								
Containers and packaging materials	1967=100	113	114	114	117	118		
Fuel, power, and light	1967=100	120	121	121	125	127		
Services <u>4/</u>	1967=100	129	132	133	137	---		
Hourly Earnings:								
Food marketing employees <u>5/</u>	Dol.	3.24	3.26	3.30	3.43	---		
Employees, private nonagricultural sector <u>2/</u>	Dol.	3.43	3.46	3.49	3.61	3.67		
Farmers' Marketings and Income:								
Physical volume of farm marketings	1967=100	111	113	151	84	110		
Cash receipts from farm marketings <u>6/</u> ..	Bil. dol.	53.1	53.4	54.9	56.9	58.1		
Farmers' realized net income <u>6/</u>	Bil. dol.	16.1	16.1	16.9	18.3	18.8		
Industrial Production: <u>7/</u>								
Food manufacturers	1967=100	114.9	114.9	115.7	118.8	118.0		
Textile mill products	1967=100	108.3	110.0	111.0	113.4	---		
Apparel products	1967=100	97.9	98.4	100.2	102.7	---		
Tobacco products	1967=100	97.7	98.4	96.8	99.8	---		
Retail Sales: <u>8/</u>								
Food stores	Mil. dol.	89,239	22,405	22,388	23,593	---		
Eating and drinking places	Mil. dol.	31,131	7,754	8,055	8,324	---		
Apparel stores	Mil. dol.	20,804	5,161	5,248	5,465	---		
Consumers' Per Capita Income and Expenditures: <u>9/</u>								
Disposable personal income	Dol.	3,596	3,620	3,650	3,746	3,789		
Expenditures for goods and services	Dol.	3,212	3,235	3,275	3,415	3,454		
Expenditures for food	Dol.	567	566	570	591	594		
Expenditures for food as percentage of disposable income	Pct.	15.8	15.6	15.6	15.8	15.7		

1/ For a market basket of farm foods. 2/ Dept. of Labor. 3/ Processed foods, eggs, and fresh and dried fruits and vegetables. 4/ Includes such items as rent, property insurance and maintenance, and telephone. 5/ Average hourly earnings of production workers in food processing, and nonsupervisory workers in wholesale and retail food trades, calculated from Dept. of Labor data. 6/ Quarterly data seasonally adjusted at annual rates. 7/ Seasonally adjusted, Board of Governors of Federal Reserve System. 8/ Quarterly data seasonally adjusted, Dept. of Commerce. 9/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data.

MARKETING AND TRANSPORTATION SITUATION

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SUMMARY

Retail food prices held almost steady from July to September, following a sharp rise from June to July. For the third quarter, the retail cost of a market basket of foods from U.S. farms averaged \$1,321 (annual rate), up 2.4 percent from the preceding quarter. Mainly responsible were higher prices for beef and pork although beef prices tended downward during the quarter. Prices for frying chickens, eggs, and fresh fruits and vegetables also increased. The retail cost of market basket foods in the third quarter averaged 4.9 percent higher than a year earlier and 22 percent above 1967.

Gross returns to farmers (farm value of the quantities of farm products equivalent to retail units) for market basket foods totaled \$538 (annual rate) in the third quarter, up 4.8 percent from the second quarter. Higher returns for hogs, eggs, broilers, fresh fruits and vegetables, and bakery and cereal products accounted for much of the rise. In contrast, despite slightly higher farm prices for oilseeds, returns for fats and oils products dropped sharply because of a decrease in the value of soybean and cottonseed oils relative to meal. Total farm value for market basket foods varied widely during the quarter. It increased significantly from June to July, decreased almost as much in August, and rose moderately in September. Compared with a year earlier, the farm value was up 11.7 percent in the third quarter with most of the increase coming from higher returns for meat animals. Farm value was 28 percent above 1967.

Farmers grossed an average of 41 cents of a dollar consumers spent in retail food stores for U.S. farms foods in the third quarter of 1972. This was 1 cent more than in the previous quarter and 3 cents more than a year earlier.

The marketing spread for U.S. farm food—the difference between the retail cost and farm value—averaged \$783 in the third quarter, up 0.7 percent from the second quarter. The marketing spread is an estimate of the total gross margin received by food marketing firms for assembly, processing, transporting, and distributing the products in the market basket. Price spreads have increased relatively little this year and in the third quarter were 0.6 percent above a year earlier. In contrast, they averaged 18 percent above 1967.

FARM-FOOD MARKET BASKET STATISTICS

Retail Cost: Consumers paid an average of \$1,321 (annual rate) in the third quarter of 1972 for a market basket of foods produced on U.S. farms, up \$30 or 2.4 percent from the previous quarter (table 1).¹ Most of this increase occurred between June and July as retail costs held about steady during July and August and dropped slightly in September (table 2). Retail costs for U.S. farm foods have increased in 6 out of the past 7 quarters. Meat products accounted for more than half of the total rise in the third quarter. Fresh fruits, eggs, fresh vegetables, and poultry accounted for much of the balance. The retail cost of market basket foods in the third quarter averaged 4.9 percent higher than a year earlier. Pork prices, up 21 percent from a year earlier, and beef prices, up 9 percent, together accounted for the bulk of the rise. Sharply higher prices for many fruits and vegetables also contributed. Prices for other market basket foods changed relatively little.

Although food prices have risen more than prices for most other goods and services purchased by consumers in the past year, food prices in the long run have generally risen less than other prices. Consumers paid 22 percent more for U.S. farm foods in the third quarter of 1972 than in 1967, compared with an increase of 26 percent for all other items purchased, as measured by the Consumer Price Index (CPI).

Farm Value: Returns to farmers for foods in the market basket totaled \$538 (annual rate) in the third quarter, up \$25 or 4.8 percent from the second quarter. Returns were up 22 percent for eggs, 16 percent for hogs, 14 percent for fresh fruits and vegetables, 12 percent for broilers, and 5 percent for bakery and cereal products. In contrast, farm value for fats and oils products declined sharply.

Compared with a year earlier, third quarter returns for U.S. farm foods averaged 11.7 percent higher, mainly reflecting higher returns for meat animals. Returns from hogs were up 54 percent from the relatively low levels of

a year earlier and returns from beef cattle were up about 6 percent. The farm value for fresh vegetables rose about 26 percent. Increases for most other market basket items were smaller, and despite slightly higher farm prices for oilseeds the farm value of fats and oils products decreased sharply because of a decrease in the value of soybean and cottonseed oils relative to meal.

The farm value for market basket foods in the third quarter averaged 28 percent above 1967.

Farm-Retail Spread: The spread, as measured by the difference between retail cost and farm value, accounted for about one-fifth of the rise in retail cost of the market basket of U.S. farm foods in the third quarter from the second. Higher prices received by farmers accounted for the balance. The farm-retail spread averaged \$783 in the third quarter, up \$5 or 0.7 percent from the second quarter. Wider marketing spreads for meats (mainly beef), fresh fruits, and a few other products were partially offset by narrower spreads for dairy products, poultry, eggs, fresh vegetables, and bakery and cereal products.

Restrained by price controls and squeezed by rising farm prices, marketing spreads widened relatively little in the first 3 quarters of the year. Compared with a year earlier, third quarter marketing spreads averaged 0.6 percent wider, mainly due to wider spreads for beef and fats and oils. For many other items including dairy, poultry, eggs, and bakery and cereal products, spreads decreased significantly from a year earlier. Widening marketing spreads accounted for about 8 percent of the rise in the retail cost of the market basket; increased returns to farmers accounted for the remainder. Marketing spreads have increased 19 percent since 1967.

Farmer's Share: Farmers received an averaged of 41 cents of a dollar spent by consumers in retail food stores for domestically produced farm foods in the third quarter, 1 cent more than in the previous quarter and 3 cents more than a year earlier.

In September, the farmer's share averaged 41 cents, 3 cents more than a year earlier. In the past decade, the farmer's share has exceeded 40 cents in only 8 quarters.

Commodity Highlights

Beef: Aided by strong consumer demand, retail prices for beef were at a record level in the third quarter despite moderately larger supplies of beef than a year ago (table 3). Retail prices of Choice beef averaged 115.3 cents per pound in the third quarter, up 3.0 cents from the previous quarter (table 3). Farm value for the quantity of choice steer equivalent to a retail pound averaged 72.7 cents, 0.9 cent lower than in the second quarter. As a result of these diverse price movements, the farm-retail spread widened 3.9 cents from the second quarter to the third quarter to 42.6 cents. All of the

¹The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and single workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The retail cost of the market basket foods is less than the cost of all goods bought per household, since it does not include cost of meals in eating places, imported foods, seafoods or other foods not of U.S. farm origin. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket minus allowances for by-products. It is based on prices at the first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread-difference between the retail cost and farm value-is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The market basket of farm foods by product group: Retail cost, farm value and farm-retail spread, third quarter 1972, with comparisons 1/

Item	III	Change from:			
	1972	Previous quarter		Year ago	
	Dollars	Dollars	Percent	Dollars	Percent
	Retail cost				
Market basket	1321.14	30.48	2.4	61.13	4.9
Meat	432.00	18.44	4.5	51.44	13.5
Dairy	227.12	-.68	-.3	1.70	.8
Poultry	50.99	1.43	2.9	-.35	-.7
Eggs	37.54	2.62	7.5	.41	1.1
Bakery and cereal ...	191.20	-.31	-.2	-1.54	-.8
Fresh fruits	63.66	6.94	12.2	1.51	2.4
Fresh vegetables	88.06	1.91	2.2	5.58	6.8
Processed fruits and vegetables	127.39	.41	.3	1.44	1.1
Fats and oils	44.71	-.51	-1.1	-.06	-.1
Miscellaneous	58.47	.23	.4	1.00	1.7
	Farm value				
Market basket	537.72	24.87	4.8	56.37	11.7
Meat	255.45	11.82	4.9	44.85	21.3
Dairy	108.22	.55	.5	2.99	2.8
Poultry	25.87	2.50	10.7	.66	2.6
Eggs	22.02	3.99	22.1	.84	4.0
Bakery and cereal ...	31.45	1.43	4.8	1.55	5.2
Fresh fruits	19.73	2.77	16.3	1.89	10.6
Fresh vegetables	30.33	3.22	11.9	6.19	25.6
Processed fruits and vegetables	23.65	-.11	-.5	.47	2.0
Fats and oils	12.24	-1.34	-9.9	-2.88	-19.0
Miscellaneous	8.76	.04	-.5	-.19	-2.1
	Farm-retail spread				
Market basket	783.42	5.61	0.7	4.76	0.6
Meat	176.55	6.62	3.9	6.59	3.9
Dairy	118.90	-1.23	-1.0	-1.29	-1.1
Poultry	25.12	-1.07	-4.1	-1.01	-3.9
Eggs	15.52	-1.37	-8.1	-.43	-2.7
Bakery and cereal ...	159.75	-1.74	-1.1	-3.09	-1.9
Fresh fruits	43.93	4.17	10.5	-.38	-.9
Fresh vegetables	57.73	-1.31	-2.2	-.61	-1.0
Processed fruits and vegetables	103.74	.52	.5	.97	.9
Fats and oils	32.47	.83	2.6	2.82	9.5
Miscellaneous	49.71	.19	.4	1.19	2.5

1/ The market basket contains the average quantities of farm-originated foods purchased annually per household in 1960-61. Retail cost is calculated from U.S. average retail prices collected by the Bureau of Labor Statistics. Farm value is payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing. Quarterly data are annual rates. Additional data are shown in tables at the back of this report.

Table 2.--The market basket of farm food: Retail cost, farm value, farm-retail spread, and farmer's share of the retail cost ^{1/}

Year and quarter	Retail cost	Farm value	Farm-retail spread	Farmer's share	Month	Retail cost	Farm value	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent		Dollars	Dollars	Dollars	Percent
Average:					<u>1970</u>				
1947-49 ...	895	448	447	50	January ..	1,226	501	725	41
1957-59 ...	989	397	592	40	February ..	1,229	507	722	41
					March	1,224	499	725	41
1961	999	386	613	39	April	1,223	481	742	39
1962	1,009	395	614	39	May	1,227	479	748	39
1963	1,007	378	629	38	June	1,228	481	747	39
1964	1,009	377	632	37	July	1,240	495	745	40
1965	1,037	416	621	40	August	1,236	470	766	38
1966	1,092	445	647	41	September ..	1,226	473	753	39
1967	1,081	419	662	39	October ..	1,215	452	763	37
1968	1,119	441	678	39	November ..	1,201	438	763	36
1969	1,176	480	696	41	December ..	1,206	437	769	36
1970	1,223	476	747	39					
1971 <u>2/</u>	1,244	477	767	38	<u>1971</u>				
					January ..	1,207	453	754	38
1969					February ..	1,218	476	742	39
I	1,138	458	680	40	March	1,226	475	751	39
II	1,166	486	680	42	April	1,237	472	765	38
III	1,200	489	711	41	May	1,241	474	767	38
IV	1,200	488	712	41	June	1,254	477	777	38
					July	1,265	486	779	38
1970					August	1,265	486	779	38
I	1,226	502	724	41	September ..	1,250	472	778	38
II	1,226	480	746	39	October ..	1,244	476	768	38
III	1,234	479	755	39	November ..	1,247	485	762	39
IV	1,207	442	765	37	December ..	1,266	491	775	39
1971					<u>1972 2/</u>				
I	1,217	468	749	38	January ..	1,274	511	763	40
II	1,244	474	770	38	February ..	1,297	515	782	40
III	1,260	481	779	38	March	1,292	501	791	39
IV	1,252	484	768	39	April	1,284	497	787	39
					May	1,288	513	775	40
1972					June	1,300	528	772	41
I	1,288	509	779	40	July	1,322	544	778	41
II	1,291	513	778	40	August	1,322	530	792	40
III	1,321	538	783	41	September ..	1,320	539	781	41
IV					October ..				
					November ..				
					December ..				

^{1/} The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread--difference between the retail cost and farm value--is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket. Quarterly and monthly data are annual rates. Additional historical data are published in Farm-Retail Spreads for Food Products, Misc. Pub. 741, January 1972. ^{2/} Preliminary.

farmer's share of retail price, annual 1969-71, quarterly 1971-72

[illegible]

1/ Estimated weighted average price of retail cuts. 2/ For quantity equivalent to 1 lb. of retail cuts: Beef: 1.41 lb. of carcass beef; pork, 1.07 lb. of wholesale cuts; lamb, 1.18 lb. of carcass lamb. 3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.28 lb.; pork, 1.97 lb.; lamb, quantity varies by months from 2.42 lb. in May to 2.48 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproducts. 5/ Gross farm value minus byproduct allowance.

increase was in the carcass-retail segment (mainly the wholesaler-retail margin). In contrast, the farm-carcass segment (mainly the packer's margin) decreased slightly.

Although averaging higher for the quarter, monthly average prices for Choice beef decreased at all market levels from July to September. Retail prices dropped 4.4 cents to 112.9 cents per pound, wholesale prices of carcass beef dropped 7.6 cents to 76.7 cents, and the farm value of the quantity of Choice steer equivalent to the retail pound dropped 7.9 cents to 69.6 cents. Because retail prices failed to drop as much as prices at the other levels, farm-retail spreads increased 3.5 cents from July to September. Both segments of the spread increased, and the carcass-retail segment reached a record level in August before decreasing in September.

Compared with a year earlier, retail prices for Choice beef were up 9.9 cents per pound in the third quarter. The farm value was up 4.1 cents and the farm-retail spread was widened by 5.8 cents. All of the increase was in the carcass-retail segment. The farm-carcass segment of the spread decreased slightly.

Pork: Prices for pork rose at all market levels in the third quarter of 1972 from the first half of the year. In contrast, the farm-retail spread was squeezed. The farm value of the quantity of live hogs equivalent to a pound of pork cuts sold at retail averaged 51.6 cents in the third quarter, up 7.3 cents from the previous quarter. The composite retail price of pork cuts averaged 86.1 cents, up 6.2 cents. As a result, the farm-retail spread decreased 1.1 cents in the third quarter. All of the decrease came in the farm-carcass segment (mainly the packer margin) of the spread. The carcass-retail segment changed little.

Prices at both farm and retail in the third quarter were sharply higher than the low levels of a year earlier. Commercial slaughter in the third quarter was 13 percent below a year earlier. The farm value of pork was up 18.0 cents or 54 percent. Retail prices were up 14.8 cents or 21 percent. In contrast, the farm-retail spread declined 3.2 cents or 8 percent from last year's high level. The carcass-retail spread was up slightly from a year ago, but the farm-carcass spread was significantly lower.

From July through September, prices and the total farm-retail spread for pork were relatively stable, moving upward slightly. However, the carcass-retail component of the spread decreased sharply and the farm-carcass segment increased sharply from July through September.

Eggs: Egg prices strengthened in the third quarter as production of eggs dipped slightly below year-earlier levels. Grade A large eggs averaged 52.1 cents per dozen, up 3.7 cents from the previous quarter, but only 0.6 cent above a year ago (table 4). Increases at the farm level were greater — 5.5 cents higher than the previous quarter, and 1.1 cents above a year earlier. The farm-retail spread decreased 1.8 cents from the previous quarter and 0.5 cent from a year earlier. In September, retail prices for eggs rose 4.4 cents to 55.5 cents per dozen in response to a 5.6 cent increase at the farm

level. Spreads narrowed 1.2 cents. The sharp rise in egg prices in September partially offset decreases for many other market basket foods.

Fresh Fruits: Both widening marketing margins and rising farm prices resulting from small supplies in the third quarter of 1972 contributed to higher retail cost for fresh fruits. The 12 percent rise in retail cost from the second quarter resulted from a 16 percent increase in farm value and a 10 percent rise in marketing margins. In contrast, compared with a year earlier, the 2 percent rise at retail was exclusively the result of higher farm prices.

Fats and Oils: The farm-retail spread for fats and oils products in the third quarter of this year averaged almost 10 percent wider than a year earlier. The retail cost of the group was near the same level as in the third quarter of 1971. But farm value dropped 19 percent despite slightly higher prices received by farmers for oilseeds, mainly soybeans. The farm value for the fats and oils group is derived by imputing a value to oil derived from the oilseed. In the second and third quarters, prices for oilseed meal increased sharply but prices for oil declined. Thus, the share of the dollar farmers received for oilseed attributable to oil decreased.

Bread: During the third quarter, large sales of wheat to Russia triggered the largest rise in wheat and flour prices since late 1947. Prices of bread-type wheat at the farm level jumped from \$1.31 to \$1.72 per bushel between July and September. This amounted to a rise of 0.5 cent in the farm value of the wheat content of a loaf of bread (table 5). This raised the farm value of wheat and other farm ingredients in a loaf of bread to 4.1 cents in September, only slightly below the record high of 4.2 cents in late 1947.

The retail price of a 1-pound loaf of white bread averaged 24.7 cents in the third quarter, unchanged from the second quarter and only 0.2 cent above the first quarter. This also was below the level of August 1971, when the price stabilization program was initiated.

The farm-retail price spread averaged 0.2 cent lower in the third quarter than the second, dropping by 0.5 cent between July and September. This was due to increased raw material costs, mainly wheat, which could not be passed on in price increases beyond the first processor stage. The spread in the third quarter averaged 0.6 cent below a year earlier.

The baker-wholesaler price spread, which has been increasing for years, averaged 0.1 cent lower in the third quarter than the second quarter. It fell by 0.8 cent between July and September. The baker's price spread was squeezed by the sudden rise in wheat and flour prices.

In contrast, the flour miller, as a first processor, was able to pass on increases in wheat costs. The cost of wheat to the miller increased from \$2.34 to \$2.62 per bushel between July and September, the equivalent of about 60 cents per cwt. of flour. Average flour prices increased 92 cents per cwt. As a result, the miller's price spread increased from 0.6 to 0.8 cent per loaf of bread between July and September. For all the third quarter,

Table 4.--Changes in retail price, farm value, and farm-retail spread for selected market basket foods, third quarter 1972 1/

Item	Change from:				Change from:		
	III 1972	Previous quarter	Year ago		III 1972	Previous quarter	Year ago
	Cents	Percent	Percent		Cents	Percent	Percent
Butter, pound				Cheese, American, $\frac{1}{2}$ pound			
Retail price	86.6	-0.6	-1.0	::	54.5	0.7	2.6
Farm value	59.7	1.9	2.9	::	24.2	1.7	6.1
Farm-retail spread	26.9	-5.6	-8.8	::	30.3	0	0
Milk, sold in stores, $\frac{1}{2}$ gallon				Chicken, frying, pound			
Retail price	59.5	-0.8	.5	::	42.0	3.2	-0.7
Farm value	30.1	0	2.0	::	21.3	12.1	2.9
Farm-retail spread	29.4	-1.7	-1.0	::	20.7	-4.6	-4.2
Eggs, large grade A, dozen				Corn flakes, 12 ounces			
Retail price	52.1	7.6	1.2	::	31.0	-1.0	-6.3
Farm value	30.5	22.0	3.7	::	2.1	5.0	-4.5
Farm-retail spread	21.6	-7.7	-2.3	::	28.9	-1.4	-6.5
Apples, pound				Oranges, dozen			
Retail price	28.4	14.5	4.4	::	99.1	10.2	-1.6
Farm value	8.7	10.1	17.6	::	24.4	24.5	3.4
Farm-retail spread	19.7	16.6	-.5	::	74.7	6.3	-3.1
Lettuce, head				Tomatoes, pound			
Retail price	31.4	-0.3	-4.6	::	42.5	-14.1	-3.0
Farm value	10.4	8.3	8.3	::	17.4	-3.9	8.1
Farm-retail spread	21.0	-4.1	-9.9	::	25.1	-20.1	-9.4
Orange juice, frozen, 6 oz. can				Margarine, pound			
Retail price	25.0	0	2.0	::	33.0	-0.9	0.3
Farm value	10.6	-.9	32.5	::	9.0	-10.9	-21.1
Farm-retail spread	14.4	.7	-12.7	::	24.0	3.4	11.6
Potatoes, 10 pounds				Peas, frozen, 10 ounces			
Retail price	103.6	21.0	12.7	::	22.4	0	.9
Farm value	33.4	56.8	47.8	::	3.6	0	0
Farm-retail spread	70.2	9.2	1.3	::	18.8	0	1.1

1/ Data for additional foods are shown in tables at back of this report.

Table 5.--White pan bread: Estimated retail and wholesale price of a 1-pound loaf; retailer's, wholesaler's, miller's and other spreads; farm value of ingredients; flour and wheat prices and related data, July-September 1972 and previous 4 quarters.

Item	Unit	1971				1972			
		III	IV	I	II	July	Aug.	Sept.	III
Retail price 1/.....	Cents per loaf	25.0	24.5	24.5	24.7	24.6	24.9	24.7	24.7
Retail spread 2/.....	do.	5.6	5.1	4.6	4.7	4.4	4.7	4.5	4.5
Wholesale price 3/.....	do.	19.4	19.4	19.9	20.0	20.2	20.2	20.2	20.2
Baker-wholesaler spread 4/.....	do.	13.6	13.6	14.0	14.0	14.3	13.8	13.5	13.9
Cost to baker:									
All ingredients 5/.....	do.	5.8	5.8	5.9	6.0	5.9	6.4	6.7	6.3
Flour 6/.....	do.	3.8	3.8	3.8	3.9	3.8	4.2	4.5	4.2
Mill sales value of flour 6/.....	do.	3.5	3.5	3.5	3.5	3.5	3.9	4.1	3.8
Miller's flour spread 7/.....	do.	.6	.6	.6	.6	.6	.7	.8	.7
Cost of wheat to miller 8/.....	do.	2.9	2.9	2.9	2.9	2.9	3.2	3.3	3.1
Other spreads 9/.....	do.	1.7	1.7	1.8	1.8	1.7	1.9	1.8	1.8
Farm value:									
All ingredients 10/.....	do.	3.5	3.5	3.5	3.6	3.6	3.8	4.1	3.8
Wheat 11/.....	do.	2.6	2.6	2.6	2.6	2.6	2.8	3.1	2.8
Flour prices: 12/.....									
F.o.b. mill.....	Dol. per cwt.	5.58	5.55	5.53	5.57	5.58	6.14	6.49	6.07
Delivered to bakers.....	do.	6.05	6.01	6.03	6.06	5.99	6.64	7.07	6.57
Flour sales: 12/.....									
Sold in bags.....	Percent	19	16	16	21	10	17	13	13
Price differential for bags.....	Cents per cwt.	15	15	15	15	17	17	17	17
Wheat prices:									
Farm delivery point 13/.....	Dol. per bu.	1.26	1.30	1.32	1.33	1.31	1.50	1.72	1.51
Delivered to millers 14/.....	do.	2.31	2.36	2.33	2.35	2.34	2.53	2.62	2.50

1/ Based on prices reported by Bureau of Labor Statistics. 2/ Spread between retail and wholesale prices. 3/ Estimated from BLS prices and trade data. 4/ Spread between wholesale price and cost to baker of all ingredients. 5/ Cost of flour plus shortening, nonfat dry milk, sugar and other minor nonfarm produced ingredients. 6/ Cost or sales value of flour (0.6329 lb.) used per pound of bread. 7/ Spread between mill sales value of flour and cost of wheat to miller. The data sources used to compute this spread have been improved by using prices of bread-type flour shown below. Thus, figures for the miller's spread are not comparable with previously published data. 8/ Cost of wheat (.01445 bu.) including marketing certificate, net of imputed cost chargeable to millfeed byproducts. 9/ Charges for transporting, handling, storing all ingredients, for processing ingredients other than flour and cost of nonfarm produced ingredients such as yeast, salt, and malt extract. This spread is a residual figure. 10/ Returns to farmers for wheat including an allowance for the marketing certificate, shortening, nonfat dry milk, and sugar used in a 1-pound loaf. 11/ Returns to farmers for wheat, including the certificate, less imputed value of millfeed byproducts. 12/ Based on monthly sales and prices of bread-type flour reported by a sample of flour milling firms. 13/ Weighted average for hard winter and spring wheat in the 10 major wheat producing States. 14/ Includes allowance for marketing certificate.

the miller's spread averaged 0.1 cent above the second.

The retailer's spread dropped 0.2 cent between the second and third quarter. Other spreads, largely for

handling, transportation, and processing ingredients other than flour, showed no appreciable change.

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

The cost of marketing food originating on U.S. farms will total \$77 billion this year, according to preliminary estimates. This is an increase of 2.3 percent from 1971, but is considerably below the average annual rise of 5.2 percent during the past decade.

The rise in the marketing bill this year results from continued growth in the volume of products marketed and a further rise in marketing costs. Volume accounts for only a minor part of the rise of this year's bill over 1971. Increased costs of marketing services and additional services per unit of product account for most of the increase in the bill.

The farm value of U.S. farm food products may total \$39 billion this year, up about 10 percent from 1971. This would be the largest annual increase in the past 25 years. An increase in the farm value of meat products, reflecting sharp increases in livestock prices, accounts for four-fifths of the rise this year; the remainder results mainly from higher prices for dairy products and poultry and eggs. Farm value for fruits and vegetables, grain mill and bakery products will be up slightly.

Civilian consumers are spending an estimated \$116 billion for farm-originated foods this year, \$5 billion more than in 1971. Increases in the marketing bill will

probably account for about a third of the increase in consumer expenditures for farm foods this year and higher returns to farmers for the balance.

Labor Costs

Labor costs are the largest of all costs incurred by firms processing and distributing farm food products, accounting for close to half of the marketing bill in recent years. Direct labor costs will probably amount to \$37.4 billion this year, 8.4 percent more than in 1971. This total relates only to workers in establishments engaged in marketing U.S. farm foods. It does not include costs of labor engaged in for-hire transportation or in manufacturing and distributing supplies used by marketing firms.

The largest labor cost in food marketing is incurred by food processors, \$11.7 billion, followed by food retailers, \$10.5 billion, and eating places, \$10.1 billion (table 6). Labor costs of all agencies are expected to average 6 to 10 percent higher this year than in 1971. Part of the increase reflects employees' rising hourly earnings, which have risen at an increasing rate for several years. The increase in earnings, however, has slowed slightly in the most recent 12 months, the period

Table 6.--Labor cost for marketing U.S. farm food by processors, wholesalers, retailers, and eating places, 1960-72

Year	Processors	Wholesalers	Retailers	Eating places	Total
-----Million dollars-----					
1960.....	7,053	2,658	4,413	4,526	18,650
1961.....	7,171	2,636	5,380	4,705	19,892
1962.....	7,373	2,683	5,616	5,091	20,763
1963.....	7,415	2,685	5,909	5,307	21,316
1964.....	7,590	2,770	6,126	5,614	22,100
1965.....	7,947	2,924	6,405	6,061	23,337
1966.....	8,327	3,115	6,644	6,550	24,636
1967.....	8,821	3,360	6,917	6,799	25,897
1968.....	9,333	3,652	7,424	7,603	28,012
1969.....	10,119	3,959	8,139	8,189	30,406
1970.....	10,508	4,216	8,808	8,800	32,332
1971 <u>1/</u> ..	11,037	4,613	9,538	9,323	34,511
1972 <u>2/</u> ..	11,538	5,058	10,669	10,094	37,359

1/ Preliminary

2/ Estimated from weekly earnings and number of employees thru August, 1972 from Department of Labor data.

in which wage-price controls have been in effect. Increases in the number of employees in the distributive sector have also raised total labor cost. Only processors will average fewer employees this year than in 1971.

Hourly Earnings: Average hourly earnings of employees in firms processing and distributing food products had been increasing at an increasing rate for several years. However, the rate of increase has slowed the past year. Earnings in August 1972 were up 5.9 percent over a year earlier compared with an increase of 7.3 percent from August 1970 to August 1971 (table 7). Hourly earnings have been increasing throughout the economy. In the third quarter of this year, hourly earnings of employees in the total private non-agricultural sector of the economy averaged \$3.67, up 6.4 percent from a year earlier.

Increases in hourly earnings for food marketing firms last year were led by food wholesalers. This year, food manufacturers' employees have led the way. Hourly earnings of employees of food wholesalers in August of this year averaged \$3.65, up 3.7 percent from a year earlier. During the same period, hourly earnings of retail food store employees rose 5.5 percent to \$3.09 per hour, but earnings of food manufacturing employees rose 6.5 percent to \$3.56 per hour. Hourly earnings of eating and drinking place employees increased only 2.6 percent to \$2.00 per hour. Although increases in earnings varied widely among industries in the past year, earnings of employees of all food industries have risen about the same amount, or about a third, since 1967 when wage increases began to accelerate.

Hourly earnings of employees in establishments manufacturing and retailing nonfood farm products also are continuing to increase this year. In tobacco manufacturing, hourly earnings averaged \$3.33 in September 1972, up 9.9 percent from a year ago. During the same period, hourly earnings of persons employed by retail apparel and accessory stores rose 3.8 percent to \$2.45 per hour. Textile mill product employees' hourly earnings rose 6.6 percent to \$2.75 per hour. Persons employed by apparel and related product manufacturers had an increase in hourly earnings of 4.3 percent to \$2.64 per hour from a year ago. Earnings for each of these industries continued to rise this year at about the same rate as last year (table 8).

Productivity: Output per man-hour increased strongly throughout the economy in 1971 and the first half of 1972. Department of Labor data show an increase in output per man-hour of 3.7 percent in the private nonfarm sector of the economy last year. This followed 2 years of practically no increase. The gain in productivity in 1971 sharply moderated the rise in labor costs per unit of output. The reduced pressure on costs, in turn, was reflected in a slower rise in the general level of prices of goods and services.

Recent estimates of output per man-hour in food marketing are available only for food manufacturing firms (table 9). Output per man-hour in food manufacturing increased 3.4 percent in 1971, slightly

more than the 2.9 percent increase a year earlier and the average annual increase for the past decade. The rise reflected an increase in factory output and a decline in the number of man-hours worked. However, since hourly earnings of employees went up even more, labor costs per unit of output in food manufacturing increased 3.0 percent last year. The rate of increase in unit labor costs has been decreasing in recent years.

Over the years, food marketing firms (manufacturers, wholesalers, retailers, eating places) have only partially offset rising hourly earnings and other labor costs by boosting labor productivity. In the past decade, total labor costs (wages, salaries, and fringe benefits) increased 73 percent while unit labor costs (labor costs divided by volume of product marketed) increased 39 percent. Since 1967, labor costs of marketing firms have increased 37 percent while unit labor costs have increased 22 percent, reflecting a 12 percent gain in productivity.

Transportation Charges

The combined index of railroad freight rates for agricultural commodities averaged 127 in 1971 (1967=100), up 13 points from 1970. Similarly, the combined index for food products increased 13 points to 129. These increases continued an upward trend that began in the late 1960's, but the increases in both 1970 and 1971 were quite large. Rate indexes for all individual commodities increased by a least 9 points in both years (table 10).

The increase in the rail rate index for agricultural products in 1971, as in 1970, reflected an accumulation of somewhat general rate increases granted by the Interstate Commerce Commission (ICC). Because annual average rates are used in computing the indexes, increases in rates that are effective after the beginning of a year are not fully reflected in the rate index until the following year. Thus, the pattern of increases in the indexes the past 2 years depends on the sequence of general rate increases occurring since 1969.

The railroads were authorized by the ICC to increase rates by 6 percent on or after November 18, 1969 (Ex Parte 262). In 1970, a 5 percent increase in rates was allowed on or after June 9, and another 1 percent on or after November 20 (Ex Parte 265). In another decision in 1970 (Ex Parte 267), the ICC allowed railroads to increase rates 6 percent on November 18, 1970, and 8 percent in the East and 6 percent elsewhere on April 11, 1971. Most but not all of these authorized increases were put in effect by the railroads. The general increases cited plus 3 increases allowed in 1967-68, if put into effect on the date authorized, would have resulted in a combined rail freight rate index for 1971 of nearly 134, somewhat higher than the combined index of 129 for food products that accrued from the actual rate increases applied on the individual commodities.

Rail indexes have tended to increase the most for commodities transported in relatively small volume by

Table 7.--Hourly earnings of employees of firms marketing food, annual 1958-71,
monthly 1971-72

Year and month	Manufacturers	Wholesalers	Retail food stores	Food marketing <u>1/</u>	Eating & drinking places
	Dollars				
1958.....	1.94	1.89	1.59	1.82	---
1959	2.02	1.97	1.60	1.88	---
1960	2.11	2.03	1.68	1.96	---
1961	2.17	2.09	1.76	2.03	---
1962	2.24	2.16	1.83	2.10	---
1963	2.30	2.23	1.90	2.16	---
1964	2.37	2.28	1.98	2.23	1.25
1965	2.43	2.36	2.05	2.30	1.30
1966.....	2.52	2.50	2.13	2.40	1.40
1967	2.64	2.66	2.23	2.52	1.49
1968	2.79	2.83	2.38	2.67	1.62
1969	2.95	3.00	2.54	2.84	1.73
1970	3.16	3.31	2.70	3.03	1.85
1971	3.38	3.47	2.90	3.24	1.95
1971					
January	3.32	3.37	2.81	3.17	1.92
February	3.32	3.41	2.85	3.19	1.93
March	3.34	3.40	2.86	3.20	1.94
April	3.37	3.42	2.87	3.22	1.93
May	3.38	3.47	2.90	3.25	1.95
June	3.38	3.49	2.91	3.25	1.95
July	3.39	3.49	2.92	3.26	1.94
August	3.33	3.52	2.93	3.24	1.95
September	3.38	3.55	2.96	3.28	1.98
October	3.38	3.49	2.95	3.27	1.98
November	3.40	3.51	2.94	3.27	1.97
December	3.51	3.53	3.00	3.34	1.99
1972					
January	3.53	3.59	3.02	3.38	1.99
February	3.54	3.63	3.03	3.40	2.00
March	3.56	3.61	3.04	3.40	2.01
April	3.59	3.65	3.05	3.43	2.00
May	3.61	3.64	3.05	3.44	2.00
June	3.59	3.62	3.08	3.44	2.00
July	3.59	3.67	3.08	3.45	2.00
August	3.56	3.65	3.09	3.43	2.00

1/ Weighted composite earnings of production employees in food manufacturing and nonsupervisory employees in wholesale and retail food trade calculated by the Economic Research Service from data of the U.S. Department of Labor.

Table 8.--Hourly earnings of employees of firms marketing nonfood agricultural products, annual 1958-71 monthly 1971-72 1/

Year and month	Manufacturers			Retail apparel and accessories stores
	Tobacco	Textile-mill products	Apparel and related products	
	<u>Dollars</u>			
1958	1.59	1.49	1.54	1.39
1959	1.64	1.56	1.56	1.44
1960	1.70	1.61	1.59	1.46
1961	1.78	1.63	1.64	1.50
1962	1.85	1.68	1.69	1.55
1963	1.91	1.71	1.73	1.59
1964	1.95	1.79	1.79	1.63
1965	2.09	1.87	1.83	1.71
1966	2.19	1.96	1.89	1.79
1967	2.27	2.06	2.03	1.89
1968	2.48	2.21	2.21	2.03
1969	2.62	2.34	2.31	2.14
1970	2.92	2.45	2.39	2.26
1971	3.15	2.57	2.49	2.37
<u>1971</u>				
January	3.01	2.54	2.46	2.33
February	3.02	2.54	2.48	2.34
March	3.11	2.55	2.48	2.32
April	3.25	2.55	2.47	2.38
May	3.30	2.56	2.47	2.37
June	3.30	2.56	2.47	2.38
July	3.33	2.56	2.47	2.37
August	3.19	2.57	2.50	2.36
September	3.03	2.58	2.53	2.39
October	3.02	2.59	2.52	2.39
November	3.08	2.59	2.52	2.38
December	3.29	2.62	2.54	2.39
<u>1972</u>				
January	3.32	2.69	2.56	2.44
February	3.37	2.71	2.58	2.42
March	3.40	2.71	2.57	2.41
April	3.45	2.72	2.58	2.43
May	3.47	2.71	2.57	2.46
June	3.52	2.72	2.60	2.47
July	3.57	2.71	2.58	2.48
August	3.36	2.73	2.62	2.45
September	3.33	2.75	2.64	---
October				
November				
December				

1/ U.S. Department of Labor; production workers or nonsupervisory workers only.

Table 9.--Output per man-hour in establishments manufacturing farm-originated foods,
by industry, 1960-71 1/
(1967 = 100)

Year	: :Output	: : Man- : hours	: : Output : per man- : hour	: : Output	: : Man- : hours	: : Output : per man- : hour	: : Output	: : Man- : hours	: : Output : per man- : hour
	All foods <u>2/</u>			Meat products <u>3/</u>			Poultry and eggs <u>4/</u>		
1960	83	105	79	81	108	75	62	79	78
1961	86	104	83	82	104	78	73	86	84
1962	88	102	87	83	102	81	72	81	89
1963	91	99	92	87	101	86	76	86	88
1964	95	101	94	94	108	87	80	88	91
1965	96	99	97	91	101	91	85	91	93
1966	98	99	99	96	99	97	92	95	97
1967	100	100	100	100	100	100	100	100	100
1968	103	99	104	103	98	105	96	102	94
1969	103	100	103	103	97	106	102	109	94
1970	104	98	106	106	97	109	114	122	93
1971	105	96	110	110	97	113	117	121	96
	Dairy products <u>5/</u>			Processed fruits and vegetables <u>6/</u>			Grain-mill products <u>7/</u>		
1960	93	121	77	73	92	79	84	108	77
1961	95	119	80	78	93	85	87	107	82
1962	96	114	85	85	93	91	91	106	86
1963	99	109	91	82	91	90	96	99	97
1964	100	108	93	87	93	94	98	101	98
1965	101	105	97	91	96	95	98	99	98
1966	100	101	99	96	99	97	100	99	102
1967	100	100	100	100	100	100	100	100	100
1968	100	95	105	109	102	106	103	99	104
1969	99	92	107	104	105	99	104	98	106
1970	98	88	110	108	101	108	104	95	109
1971	99	85	116	108	98	111	105	95	111

1/ Output per man-hour indexes were computed from unrounded indexes of man-hours worked by all employees and factory output. Man-hour estimates for 1960-70 are based on data published by the Bureau of Census. Estimates for 1971 were interpolated from employment statistics published by BLS. Output estimates are based on value-added indexes published by the Bureau of Census projected for non-census years by physical output data published by the USDA. Data for 1964-71 are preliminary. 2/ Establishments primarily engaged in manufacturing shortening and cooking oils, margarine, macaroni, and spaghetti, as well as industry groups shown on this table. 3/ Meat packing plants and establishments specializing in prepared meat products. 4/ Poultry-dressing plants and establishments specializing in processed egg products. 5/ Plants engaged in processing fluid milk and cream, butter, natural cheese, concentrated milk, ice cream and ices, and special dairy products. 6/ Establishments primarily engaged in canning and freezing fruits and vegetables and manufacturing pickles and sauces. 7/ Establishments primarily engaged in manufacturing flour and meal, cereal products, rice milling, blended and prepared flour, and corn wet milling products. (Continued)

Table 9.--Output per man-hour in establishments manufacturing farm-originated foods,
by industry, 1960-71 1/--Continued
(1967 = 100)

Year	Output	Man- hours	Output per man- hour	Output	Man- hours	Output per man- hour	Output	Man- hours	Output per man- hour
	Bakery products <u>8/</u>			Sugar <u>9/</u>			Confectionary <u>10/</u>		
1960 ..	91	118	77	74	95	78	80	98	81
1961 ..	91	115	79	76	99	78	82	100	83
1962 ..	94	114	82	85	94	91	83	100	83
1963 ..	95	107	89	100	103	97	87	95	92
1964 ..	98	108	91	104	111	93	90	97	93
1965 ..	99	106	94	97	104	93	92	97	95
1966 ..	99	105	94	99	101	99	97	98	99
1967 ..	100	100	100	100	100	100	100	100	100
1968 ..	102	99	103	110	103	107	104	100	104
1969 ..	104	101	102	104	104	100	103	101	102
1970 ..	100	96	104	105	103	102	105	103	102
1971 ..	99	95	104	110	93	118	106	96	110

8/ Establishments primarily engaged in manufacturing biscuits and crackers, whole-sale bakeries, grocery chain bakeries, home service bakeries, and retail multioutlet bakeries (excluding nonbaking outlets except those retail units at the same location as the bakery). 9/ Establishments primarily engaged in manufacturing raw cane sugar from domestically grown cane and plants mainly engaged in the production of beet sugar. 10/ Establishments primarily engaged in manufacturing candy and other confections.

Table 10.--Railroad freight rate indexes for specified agricultural commodities,
1957-71 1/

(1967 = 100)						
	: Livestock	: Meat	: Fruits and	: Wheat	: All grains	
	:	:	: vegetables	:	:	
1957	104	143	112	119	116	
1958	108	132	109	122	120	
1959	106	121	102	120	116	
1960	105	121	100	119	115	
1961	104	121	101	119	114	
1962	102	120	100	116	113	
1963	100	117	99	114	111	
1964	99	113	99	111	108	
1965	99	104	99	99	101	
1966	99	100	99	99	100	
1967	100	100	100	100	100	
1968	104	103	103	101	100	
1969	108	107	108	102	100	
1970	119	117	118	113	109	
1971	135	132	134	125	121	
	: Soybeans	: Cotton	: Wool	: Tobacco	: Combined index	
	:	:	:	:	: Food	: All
	:	:	:	:	: products 2/	: products 3/
1957	110	102	158	119	119	116
1958	116	103	161	111	115	115
1959	115	102	127	100	109	110
1960	115	101	122	99	107	109
1961	109	101	122	100	108	109
1962	107	101	107	100	106	108
1963	101	101	104	100	103	106
1964	100	100	100	100	103	105
1965	99	100	100	100	100	100
1966	99	100	100	99	99	99
1967	100	100	100	100	100	100
1968	101	100	101	102	102	101
1969	103	103	106	108	105	103
1970	114	113	119	118	116	114
1971	127	126	134	132	129	127

1/ All indexes are of the weighted aggregative type and are based upon averages of rates in effect during the year. Annual averages are computed by weighting rates by the number of days they are in effect.

2/ In constructing the all farm food index, food product groups are weighted by average quantities marketed domestically in 1957-59.

3/ In constructing the all farm product index, farm product groups are weighted by average revenues for 1957-59.

Data for 1945-56 are published in the Marketing and Transportation Situation, MTS-47, November 1962.

rail, thus lessening their impact on transportation costs. For the large-volume products, increases in rates for various commodities appear to have been held down by competition between railroads and other carriers, mainly trucks.

The index for livestock was the only one that exceeded the calculated maximum index level of 134 in 1971, although indexes for fruits and vegetables and wool equaled the maximum. Livestock traffic of railroads has decreased substantially since World War II and many railroads are either discontinuing or discouraging livestock traffic.

Fruits and vegetables are transported mainly by truck, except for transcontinental shipments. Also, the indexes shown for fruits and vegetables are based on carload rates only. Some growth of traffic has occurred in fruits and vegetables moving in trailers on flat cars.

Both domestic wool production and consumption have decreased in recent years and consequently rail shipments of wool. The extent of competition for wool traffic by trucks is not known.

Wheat and other grains constitute by far the largest group of farm products hauled by railroads, both in terms of tons originated and of ton-miles hauled. The indexes for these products have risen less rapidly since 1967 than have the indexes for other products. Authorized rate increases for wheat and other grains have sometimes been held below the rate increases authorized on a somewhat general basis by ICC, and in some instances railroads have elected not to increase rates by the permitted amount. Further, some grain rates have been readjusted following rate increases because of loss of traffic to other modes following increases in rates. However, these competitive rate decreases have been much less frequent and sharp since 1967 than they were in 1955-66.

Rail rates for cotton increased 26 percent between 1967 and 1971, about the same as the combined index of all agricultural products. Although cotton production has declined in recent years, it is still a heavy traffic item for railroads, ranking next to grains and sugarbeets in tons originated. Considerable traffic in cotton moves relatively long distances.

More rail rate increases have been allowed in 1972 under *Ex Parte* 281. On February 5, 1972, the ICC authorized a 2.5 percent surcharge. On October 23, 1972, the surcharges were canceled and replaced by permanent increases with some exceptions, of 4 percent in the South, 5 percent in the West, and 6 percent in the East, and on interterritorial rates. Therefore, indexes of rail rates for 1972 will probably average higher than in 1971 but the rate of increase will be less than last year.

Other Costs

In addition to labor and transportation costs, food marketing firms incur a wide variety of other expenses. These include costs of containers and packaging

materials, office supplies, rent, property insurance and maintenance, and utilities. The importance of these items is much greater for some marketing firms than for others. For example, container costs for some canned fruits and vegetables and breakfast cereals are nearly equal to the cost of labor employed by the firm processing these products.

Prices of intermediate goods (excluding raw materials) bought by food marketing firms averaged 4.4 percent higher in the third quarter of this year than a year earlier (table 11). Prices of containers and packaging materials were 3.5 percent higher. Fuel, power, and light rates increased 5.0 percent, continuing a sharp rise that began in third quarter 1970. Prices of services (such as rent, insurance, and telephone) usually rise much more than goods and materials; in the second quarter they averaged 7.0 percent higher than a year earlier.

In the past decade, prices of intermediate goods and services have risen one-third. Most of this increase has occurred since 1965. Prices of services have increased 54 percent while prices of goods have increased 18 percent.

Interest on short-term loans to business firms in 35 metropolitan centers declined to 5.59 percent in May 1972 from 6.18 percent in November 1971, and about 3.3 percentage points below the high of February 1970. Yields of longterm bonds also have declined. Yields on Moody's Aaa Bonds averaged 7.19 percent in August 1972 compared with 7.59 percent in 1971.

Corporate Profits

Food Manufactures and Retailers: Total dollar profits earned by corporate firms from marketing U.S. farm foods will likely increase in 1972 from their level of \$4.4 billion last year, due mainly to increasing sales and profits of processors (table 12). Profit margins per dollar of sales and returns on stockholders' equity of food retailers and manufactures continue to be held down by rising costs and economic controls.

Food processor profits before taxes may total \$3.1 billion in 1972, over two-thirds of total profits earned by corporations from marketing U.S. farm foods. The large share of profits to processors reflects the high proportion of sales accounted for by corporate firms, and profit margins per dollar of sales. Profits of processors have been increasing while profits of food stores and eating places have declined.

Profits after taxes of corporations processing and manufacturing food and kindred products have risen as a percentage of sales, averaging 2.7 percent in the second quarter compared with 2.5 percent a year earlier. This was about the same increase as for all manufacturing industries (table 13). Although the overall profit ratio for food manufactures rose, profit margins of several large industries including dairy and bakery manufactures and meatpackers declined. Meatpackers' profit margins fell to 0.8 percent of sales in the first half of 1972, close

Table 11.--Prices of inputs bought by food marketing firms, annual 1958-71,
quarterly 1971-72

(1967=100)

Year and quarter	Intermediate goods and services					Yields on	
	Goods					New plant: equipment	high-grade long-term bonds, per annum
	Total	Total	Containers: and packaging materials	Fuel, power, and light	Services		
1958	87	95	94	95	78	91	69
1959	89	95	94	96	80	93	79
1960	90	97	96	99	81	94	80
1961	90	96	95	100	82	93	79
1962	91	96	96	100	84	94	79
1963	91	96	95	99	86	94	77
1964	92	95	96	98	88	94	80
1965	94	96	97	99	91	95	81
1966	97	99	99	99	95	97	93
1967	100	100	100	100	100	100	100
1968	103	100	100	99	106	102	112
1969	107	103	104	99	113	106	128
1970	113	108	108	108	120	110	146
1971	120	113	113	120	129	114	134
1971:	:	:	:	:	:	:	:
Jan.-Mar.	117	111	111	118	125	113	131
Apr.-June	120	113	113	120	128	114	136
July-Sept. ...	122	114	114	121	132	114	137
Oct.-Dec.	122	114	114	121	133	114	132
1972:	:	:	:	:	:	:	:
Jan.-Mar.	124	116	115	124	135	115	131
Apr.-June	126	117	117	125	137	116	132
July-Sept. ...	---	119	118	127	---	---	130
Oct.-Dec.	:	:	:	:	:	:	:

1/ Also includes prices of office supplies, restaurant supplies, and many other goods.

2/ Rent, property insurance and maintenance, telephone, etc.

3/ Implicit price deflator for investment in nonresidential structures and producers' durable equipment, U.S. Department of Commerce.

4/ Aaa corporate bonds; Moody's Investor Service. These yields are indicative of the cost of current long-term borrowings.

Table 12.--Before-tax corporate profits of processors, wholesalers, retailers, and eating places for marketing U.S. farm foods 1960-72

Year	Processor	Wholesalers	Retailers	Eating places	Total
----- Million dollars -----					
1960	1,180	273	450	197	2,100
1961	1,426	250	500	125	2,301
1962	1,370	264	503	163	2,300
1963	1,442	402	494	162	2,500
1964	1,866	436	529	170	3,001
1965	2,042	517	544	198	3,301
1966	2,323	572	699	206	3,800
1967	2,291	650	654	304	3,899
1968	2,391	630	645	335	4,001
1969	2,549	850	623	378	4,400
1970	2,642	721	827	311	4,501
1971 <u>1/</u> ..	2,744	806	550	300	4,400
1972 <u>2/</u> ..	3,081	---	484	---	---

1/ Preliminary

2/ Estimated from sales and profit rates for the first half of 1972.

to the lowest level in the past 6 years. Volume of livestock moving through packing plants was lower in the first half of 1972 than a year earlier when record supplies of hogs allowed packers to lower average fixed costs and improve margins. Profits of meatpackers averaged 1.3 percent of sales for all of 1971, the highest rate since 1967.

Dollar profits of food retailers dipped in the first half of the year, reflecting lower profit margins and reduced earnings by several large retailers. Profits after taxes of 15 leading food chains averaged 0.78 percent of sales in the first half of this year, sharply lower than a year earlier. For all of 1971, profits of leading retailers averaged 0.9 percent of sales, compared with 1.1 percent in 1970.

Profit rates of an expanded sample of 70 chains show only slight differences in trends or levels from the 15-chain series. The expanded series includes more moderate sized chains and some smaller chains. Profits after taxes as a percentage of sales were 1.1 percent in 1971 (table 14). Returns to equity after taxes were 10.48 percent in 1971 for the 70-chain series.

Annual data from Moody's shows increased profits after taxes for other food distributors in 1971. Eating and drinking places showed substantial gains in after-tax profits as a percentage of sales. At 3 percent in 1971, they increased more than a third over the 1970 rate. After-tax returns to equity rose slightly in 1971 to 7.6 percent.

Food wholesalers' after-tax profits averaged 1.25 percent of sales in 1971. This was the highest rate in the past 6 years. Wholesalers' return to stockholders' equity was 14.7 percent, up sharply from 1970. Food wholesalers' profits improved in 1971 due to a sharp increase in sales of away-from-home eating, one of its major markets.

Textile and Apparel Manufactures: Profit rates of textile and apparel manufactures averaged higher in the first quarter of 1972 than a year ago, but averaged lower in the second quarter than a year earlier. Profit margins of both industries rose substantially in 1971, averaging 2.4 percent of sales compared to 1.9 percent in 1970. This was reflected in higher profits as a percentage of stockholders' equity, although 1971 returns on equity were below levels of the mid-1960's.

Table 13.--Profit ratios (after Federal income taxes) of all manufacturing, manufacturers of food, textiles, apparel and 15 retail food chains, annual 1960-71, quarterly 1971-72 1/

Year and quarter	Food				Apparel		15	
	Total	Dairy	Bakery	Meat- packers	Textile- mill	and other: finished	All manufacturing	retail food chains
	2/			3/	products	products	industries	3/
Profits as percentage of stockholder equity								
1960	9.2	---	---	---	5.8	7.7	9.3	13.0
1961	9.4	---	---	---	5.0	7.3	8.9	12.0
1962	9.2	---	9.2	---	6.2	9.3	9.8	11.7
1963	9.3	8.6	9.4	---	6.1	7.7	10.3	11.4
1964	10.4	9.5	9.1	---	8.6	11.9	11.7	11.5
1965	11.0	10.7	9.2	---	10.9	12.8	13.1	11.3
1966	11.5	11.4	10.9	7.1	10.3	13.8	13.6	11.4
1967	11.1	10.3	12.2	11.5	7.6	12.2	11.8	10.3
1968	10.9	9.8	11.9	10.2	8.8	13.0	12.2	10.3
1969	11.0	10.1	8.6	8.8	7.9	11.9	11.5	10.4
1970	10.9	10.2	8.8	8.7	5.1	9.3	9.3	10.6
1971	11.1	11.1	10.7	10.8	6.7	11.2	9.7	---
1971								
January-March	10.5	9.8	9.8	---	4.6	5.5	8.9	---
April-June	11.5	11.5	12.2	---	7.2	10.9	10.7	---
July-September	11.7	12.3	9.4	---	6.5	12.5	9.3	---
October-December ...	10.6	10.6	11.3	---	8.2	15.1	9.8	---
1972								
January-March	10.1	9.8	11.3	---	6.4	10.9	10.0	---
April-June	11.7	11.1	11.3	---	7.3	9.3	11.3	---
Profits as a percentage of sales								
1960	2.2	---	---	---	2.5	1.4	4.4	1.3
1961	2.2	---	---	---	2.1	1.3	4.3	1.2
1962	2.2	---	2.3	---	2.4	1.6	4.5	1.2
1963	2.2	1.9	2.2	---	2.3	1.4	4.7	1.2
1964	2.5	2.3	2.2	---	3.1	2.1	5.2	1.3
1965	2.6	2.5	2.1	---	3.8	2.3	5.6	1.2
1966	2.5	2.5	2.3	.9	3.6	2.4	5.6	1.2
1967	2.4	2.4	2.6	1.4	2.9	2.3	5.0	1.1
1968	2.4	2.3	2.6	1.2	3.1	2.4	5.1	1.1
1969	2.4	2.2	1.9	1.2	2.9	2.3	4.8	1.1
1970	2.3	2.1	1.9	.9	1.9	1.9	4.0	1.1
1971	2.4	2.3	2.3	1.3	2.4	2.4	4.1	.9
1971								
January-March	2.3	2.1	2.1	1.4	1.7	1.3	3.9	.9
April-June	2.5	2.3	2.6	1.3	2.6	2.4	4.5	1.2
July-September	2.5	2.6	2.0	1.3	2.4	2.6	4.1	.6
October-December ...	2.3	2.1	2.4	.9	2.9	3.0	4.1	.7
1972								
January-March	2.4	1.9	2.4	.8	2.3	2.3	4.0	1.1
April-June	2.7	2.1	2.4	.8	2.5	2.0	4.5	0.5

1/ Compiled from Quarterly Financial Report for Manufacturing Corporations published by the Federal Trade Commission and Securities and Exchange Commission. 2/ Food and kindred products excluding alcoholic beverages. 3/ Compiled from Moody's Industrial Manual.

Table 14.--Profit ratios of food stores, food wholesalers, and eating and drinking places, 1966-71 1/

Item	1966	1967	1968	1969	1970	1971
----- Percentage of sales -----						
<u>Profit before taxes</u>						
Food stores (70)	2.2	2.0	2.2	1.8	1.9	2.0
Food wholesalers (15)	1.3	1.6	2.0	2.1	1.7	2.2
Eating & drinking places (83) ..	5.8	6.6	8.8	7.9	4.5	9.5
<u>Profit after taxes</u>						
Food stores	1.2	1.1	1.1	0.9	1.0	1.1
Food wholesalers	0.7	0.8	1.0	1.0	0.8	1.2
Eating & drinking places	3.3	3.5	4.6	4.0	2.2	3.0
----- Percentage of stockholder equity -----						
<u>Profit before taxes</u>						
Food stores	21.4	19.0	21.0	18.1	20.0	19.3
Food wholesalers	20.4	24.0	25.1	24.2	20.9	25.8
Eating & drinking places	23.9	25.1	30.8	25.6	15.0	24.0
<u>Profit after taxes</u>						
Food stores	11.7	10.6	11.0	9.9	10.1	10.5
Food wholesalers	10.2	12.2	12.7	12.0	10.8	14.7
Eating & drinking places	13.7	13.2	16.2	13.1	7.3	7.7

1/ Compiled from Moody's Industrials

DEVELOPMENTS IN MARKETING

Faru Marketings: Farmers are expected to market about the same total products this year as in 1971. Calendar year crop marketings may decrease slightly but will be offset by a slight increase in livestock marketings.

Manufacturers' Output and Retail Sales: Production by food manufacturing industries, as reported by the Federal Reserve Board, averaged 3.2 percent larger in the first 8 months this year than in the same period of 1971. January-July textile mill output was 4.2 percent above a year earlier. Output of the apparel industry in the first half averaged 4.7 percent higher than a year earlier. Tobacco industry output rose 3.6 percent.

Dollar sales of retail food stores, based on Census Monthly Retail Trade Reports, in the first 8 months of 1972 were 5.4 percent larger than in the same period a year earlier. Price increases averaging 4 percent accounted for much of the increase in sales. Sales in

eating places during the first 8 months this year were 9 percent larger than in 1971, and prices averaged 4 percent higher.

Exports of Faru Products¹: U.S. agricultural exports during the first quarter of fiscal year 1972-73 rose 10 percent to \$2 billion from the same quarter in 1971, mainly reflecting a sharp increase in grain exports. Agricultural exports in the current fiscal year ending next June 30 are expected to total about \$10 billion.

Exports of farm products reached a record value of \$8 billion in fiscal year 1971/72 that ended June 30. This was up 4 percent or nearly \$300 million above the prior year's record. Higher prices accounted for nearly all the value increase; volume was little different. Exports of animals and animal products rose 12 percent

¹ Summarized from "Foreign Agricultural Trade of the United States," Econ. Res. Serv., U.S. Dept. Agr. November 1972.

in fiscal 1971/72 to a record \$1 billion. Shipments of soybeans and other oilseed products rose 7 percent to over \$2.2 billion. In contrast, exports of wheat and products fell 13 percent to \$1.1 billion.

For the second year in succession, all of the increase in exports was in commercial sales for dollars. These sales totaled about \$7 billion in fiscal 1971/72, around \$200 million above a year earlier. Exports under Government-financed programs amounted to \$1.1 billion, about the same as a year earlier.

Foreign sales accounted for a large proportion of the production of several farm products, including over half of rice and soybean production, two-fifths of the wheat, cattle hides, and tallow, and one-third of the tobacco and cotton production. As in past years, the best customers for U.S. farm products last year were the developed countries, mainly those in the European Community (EC), Japan, our top market, and Canada. Exports to the EC gained about 7 percent to a record \$1.9 billion in 1971/72.

Capital Expenditures by Marketing Firms: Food and beverage manufacturers invested 12 percent less for a new plant and equipment in the first half of 1972 than in the same period of 1971. Total expenditures for 1972 are expected to fall short of last year by 3.4 percent, based on surveys by the Bureau of Economic Analysis, Department of Commerce (table 15). While expenditures are expected to decrease, prices for new plant and equipment continue to rise. In the second quarter they were about 2 percent higher than a year earlier.

Capital expenditures of textile manufacturing firms jumped 32 percent in the first half of 1972, and are expected to total 23 percent higher for all of 1972. Railroad outlays for equipment in 1972 may be 8 percent above the 1971 total. This follows several years of declining investment. Nonrail transportation companies, excluding air, are expected to spend the same amount on new plant and equipment in 1972 as last year.

Table 15.--Capital expenditures for new plant and equipment by firms manufacturing and transporting farm products, 1960-72

Year	Manufacturers		Transportation	
	Food and			Non-rail
	beverage	Textile	Railroad	excluding air
	-----Billion dollars-----			
1960	1.34	0.37	1.16	1.30
1961	1.52	.33	.82	1.23
1962	1.51	.38	1.02	1.65
1963	1.53	.43	1.26	1.58
1964	1.72	.52	1.66	1.50
1965	1.83	.66	1.99	1.68
1966	2.10	.82	2.37	1.64
1967	2.08	.68	1.86	1.48
1968	2.21	.53	1.45	1.59
1969	2.59	.63	1.86	1.68
1970	2.84	.56	1.78	1.23
1971	2.69	.61	1.67	1.38
1972 <u>1/</u>	2.60	.75	1.81	1.38

1/ Estimates based on reports by business in late July and August 1972. Data from Bureau of Economic Analysis, U.S. Department of Commerce.

AGRICULTURAL EXPORTS AND THE FREIGHT CAR SITUATION

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ABSTRACT: Rail car supply problems are likely to intensify over the next few months as record exports of wheat, feed grains, and soybeans move to ports. Demands for empty cars for loading with grain and soybeans will be one-fifth or more larger in fiscal year 1973 than in recent years. Total numbers and capacities of grain cars have declined in recent years. Some actions to speed empty and loaded car movements and to embargo congested elevators have been taken by the railroads and the Interstate Commerce Commission.

KEYWORDS: freight car supply, exports, grain.

Following announcement of the large sales of wheat, corn, and soybeans to Russia, considerable interest has centered on the possibility of difficulties in meeting delivery schedules.¹ The rail car supply problems of recent years suggest that it may be difficult to achieve the projected export movement.

This article places the magnitude of the expected exports in perspective, identifies some of the bottlenecks that may appear as grain for export moves from country points to ports, and relates some of the actions already taken to forestall or alleviate bottlenecks.

Principal Exports: Grains and Soybeans

Of the 62.5 million metric tons (a metric ton equals 2,204.6 pounds) of agricultural products exported in fiscal year 1972, 55.8 million metric tons consisted of wheat and other food grains and products, feed grains, and soybeans and products (table 16). Larger exports of these commodities account for all but a small fraction of the 21 million metric tons of increased exports projected for fiscal year 1973. Wheat, including primary wheat products, is the dominant grain exported, accounting for 42 percent of the total quantity of grain and grain products exports in fiscal 1972 and for more than 50 percent of exports projected for fiscal 1973.

Russian grain purchases in the United States for delivery in fiscal 1973 consist of about 10.9 million metric tons of wheat, 7.0 million of corn, and 1.1 million of soybeans. Thus, U.S. sales to Russia account for 19 million metric tons of exports in fiscal year 1973.

In the past 8 years, exports of wheat and primary wheat products, rye, rice, corn, oats, barley, sorghum grain, soybeans and primary soybean products have

ranged from a low of 44 million metric tons in fiscal 1969 to a high of 61 million in fiscal 1966. Exports during fiscal 1973 are projected at nearly 76.5 million metric tons, well above recent years.

Exports in Relation to Total Available Supplies and Domestic Use

Projected supplies of more than 320 million metric tons and disappearances of more than 265 million of wheat, feed grains, and soybeans for the current crop year tend to suggest that the 20.8 million metric ton increase in grain and soybean exports in fiscal 1973 is a modest increment for the domestic grain marketing and transportation system. However, only about 175 million metric tons of grains and soybeans are marketed off farms annually. In 1970, railroads originated 96 million metric tons.

Wheat alone accounts for 13.4 million of the 20.9 million metric tons increase in exports projected for fiscal 1973. Domestic use of wheat is projected at about 20 million metric tons, only two-thirds as great as expected exports. Food grains, mostly wheat, typically account for a tenth of the volume of products marketed from farms but a third of the volume of farm products hauled by railroads and water carriers versus only a thirtieth of that hauled by nonfarm trucks.

Feed grains, food grains and soybeans typically account for about three-fourths of the volume of farm products originated by railroads, and more than nine-tenths of that originated by water carriers, but only 35 percent of the volume of farm products originated by nonfarm trucks. For all farm products other than grains and soybeans, nonfarm trucks originate nearly 90 percent of the volume.

Thus, railroads are principal haulers of the grains and soybeans, and the problems of empty freight car supply

¹ See, for example, *The Wall Street Journal*, October 18 and 27, 1972.

Table 16--Agricultural exports, by commodity group, fiscal years 1972 and 1973

Commodity	Fiscal years		Change, 1972 to 1973
	1972	1973 <u>1/</u>	
	Mil. metric tons	Mil. metric tons	Mil. metric tons Percent
Wheat and products of			
wheat	17.2	30.6	13.4 77.9
Rye	<u>2/</u>	<u>2/</u>	<u>2/</u> --
Rice	<u>1.7</u>	<u>1.8</u>	<u>.1</u> 7.0
Feed grains	21.1	26.9	5.8 27.5
Soybeans	11.7	13.2	1.5 12.8
Subtotal	51.8	72.6	20.8 40.2
Oil, cake, and meal ...	4.0	3.9	-.1 -2.5
Other	6.7	7.0	.3 4.5
Total	62.5	83.4	20.9 33.5

1/ Projected2/ 0.05 or less

for loadings of these commodities are long standing.² Substantial increases in grain car loadings for export in fiscal 1973 follow several years in the 1960's in which freight car supply for grain movement was tight. Further, annual economic activity is expected to be higher in fiscal year 1973 than in 1972, adding competition for freight car capacities.

In all cases, capabilities depend upon the geographic area over which the impacts of increases can be spread and on the time frame within which demands are to be filled.

Export Patterns of Recent Years and Prospects

The pattern of port usage in fiscal 1973 may diverge from normal. Russian purchases are principally Hard Red Winter Wheat. Wheat of this type is grown primarily in Kansas, Nebraska, Colorado, Oklahoma, and Texas. Rail lines lead most directly from wheat areas in these States to Texas ports. Hard Red Winter Wheat in 1971 and 1972 was exported principally (87 percent) through Gulf ports.³

Baltic and Black Sea ports probably will constitute principal unloading points for the Russian purchases. Access to the Baltic is from the North Atlantic, and to the Black Sea, the Mediterranean.

South Atlantic and Mediterranean countries drew their receipts of both feed grains and wheat in fiscal 1972 more heavily through Gulf ports than did the North European countries (table 17). Thus, to the extent that Russia's imports of U.S. corn, wheat, and soybeans are through Black Sea ports, the Gulf ports may receive much of the impact of the large increases in exports—Mississippi River ports for the feed grains and soybeans; Texas ports for the wheat. About a third of Russian purchases of U.S. feed grains in fiscal 1972 were moved through Great Lakes and interior Canadian (St. Lawrence) ports. Great Lakes ports usually are closed because of freezing from late December to mid-April. North Atlantic ports can substitute for Great Lakes ports during this period, but this entails rail transportation over longer distances.

The pattern of seasonal movements for exports of food and feed grains and soybeans over recent years is shown in table 18. Also shown are two alternate patterns that may occur in fiscal 1973. The first pattern was computed on the assumption that the average pattern of recent years for each of the commodities is maintained.

²A brief history of freight car supply problems is given in *The Freight Car Supply Problem and Car Rental Policies*, MRR-953, ERS-USDA, April 1972, 28 pp.

³Wheat Situation, WS-221, ERS-USDA, August 1972, p. 13.

Table 17 -- U.S. ports of exit for grains going to outlets in various areas,
fiscal year 1972 1/

Port of exit	:	South Atlantic and Mediterranean countries <u>2/</u>	:	North Atlantic and Baltic countries <u>3/</u>	:	Russia
	:	Wheat	:	Wheat	:	
	:	Feed grains	:	Feed grains	:	Feed grains
	:	<u>Percent</u>				:
Canadian	:	6	:	12	:	13
Great Lakes ...	:	9	:	33	:	22
Atlantic	:	12	:	4	:	17
Gulf	:	73	:	51	:	48
Total	:	100	:	100	:	100

1/ Computation includes countries importing 10 million bushels or more of U.S. wheat and/or feed grains.

2/ Algeria, Morocco, Portugal, Spain, and Italy.

3/ Netherlands, Norway, United Kingdom, Poland, Denmark, France, and West Germany.

Source: Grain Market News, AMS-USDA, Vol. 20, No. 28 and No. 30, July 14 and 28, 1972.

The commodity patterns were then weighted using projected exports.

In mid-October 1972, a shipping agreement between the United States and the Soviet Union was reached, but there was no immediate surge in shipments. Since most of the Russian purchases are yet to be moved from U.S. ports, pattern A can exist only if July-September exports to other countries moved more heavily than normal. This apparently was not the case.

The second pattern was computed on the assumptions that only 1.5 million of the 19.0 million metric tons going to Russia moved out in July-September; that the remaining 17.5 million metric tons will move in patterns similar to the average. This second alternative assumes that there were still 10.9 million metric tons of wheat, 5.5 million of corn and 1.1 million of soybeans to be shipped between October and June. Russian outmovements of wheat are being expedited so as to clear U.S. ports by the end of May 1973 when export subsidy commitments on the wheat sales expire.

Elevator Capacity

Expert opinion is that the more than 80 million metric ton holding capacity of nonfarm country elevators can readily handle both domestic and export needs in fiscal 1973 for the dry bulk commodities, if adequate transportation equipment is available to permit prompt throughput. ⁴ At the beginning of the fiscal year much of the wheat and soybeans necessary for filling export orders appeared, on the basis of stock position reports, to be on farms or at country points. Farm and other trucks in producing areas have been adequate in past years to move grain and soybeans to country elevators, and the number of such trucks increased between 1963 and 1967, according to the Census of Transportation. Total truck numbers have increased since 1967, and some of these increases likely were in grain and soybean areas.

⁴ Computed from data in *Cost of Storing and Handling Grain in Commercial Elevators, 1970-71, and Projections for 1972-73*, ERS-501, ERS-USDA, March 1972, p. 30.

Table 18--Exports of food and feed grains and soybeans, quarterly average for selected crop years, and projected alternative patterns for fiscal 1973.

Commodity	July- September	October- December	January- March	April- June
	----- Percent of annual volume -----			
Food grains, 1968-72 ...	23.5	26.0	22.6	27.9
Feed grains, 1965-69 ...	26.3	28.5	22.8	22.4
Soybeans, 1969-71	20.3	32.1	22.1	25.5
All grains and soybeans, fiscal 1973				
Pattern A 1/	23.8	28.2	22.6	25.4
Pattern B 2/	19.6	29.5	23.9	27.0

1/ Assumes that fiscal 1973 exports of each commodity group follows the seasonal pattern of recent years.

2/ Assumes that fiscal 1973 exports to all countries other than Russia of each commodity group follows the seasonal pattern of recent years. For exports to Russia, it was assumed that 1.5 million metric tons of corn were exported between July-September, but all other sales were to be exported between October-June in the patterns of recent years.

The precision of coordination required in taking in and loading out grain at elevators depends on the throughput-storage ratio at the elevators. Throughput of grain and soybeans in relation to storage capacities at country points on an annual basis is fairly low. In part, this is to be expected because of the very sharp seasonal patterns of harvest. Throughput in relation to stored grain for weekly, monthly, or even quarterly periods would show larger ratios during and shortly after harvests.

Interior terminal and port elevators also reportedly have capabilities on an annual basis adequate to handle the throughput required by projected exports. Holding capacity of interior terminals apparently is more than 35 million metric tons, and that of port elevators in excess of 9 million metric tons.⁵

Despite large storage capacities, stoppage of transportation at port elevators in fiscal 1973 likely could rapidly line up empty ships waiting to load, or loaded freight cars waiting to unload. If the latter

occurs, pressures will develop on supplies of empty cars needed to transport additional grain from country or interior terminal elevators.

Railroad Fleet Capacity in Relation to Needs

General purpose boxcars and covered hopper cars are usually considered to be suitable for hauling grain, subject to the cars' cleanliness and ability to hold grain without loss. The number of such cars in use dropped from about 646,000 in 1962 to 503,000 in 1970. The instant capacity of the fleet dropped over the same period from 30.8 million to 28.1 million metric tons.⁶

Instant capacity is not a good measure of annual capacity under past railroading conditions. Some types of cars are easily loaded and unloaded, and have undercarriages capable of continuing high-speed movement. Thus, although the numbers of grain cars and their instant capacities have declined in recent years, the tons of grains including soybeans originated by railroads

⁵See footnote 4.

⁶Transport Statistics in the United States, Part I, Interstate Commerce Commission, various years.

have not shown a declining trend. Year-to-year variations, however, are large. For example, tonnage originated in 1969 was only about 70 percent as great as in 1968 and 1970. The variable performance apparently was induced by the needs of the grain industry, not by underlying performance constraints on railroad capacity.

Quantities of the dry bulk commodities originated by railroads in recent years have been considerably larger than the anticipated increase in fiscal 1973 exports (table 19). However, applying the typical traffic share of the railroads for bulk commodity movements to the increases in exports, it appears that the increased exports of wheat and products, feed grains, and soybean expected to move by rail will be at least 15 million metric tons or 17 percent of rail originations in 1970. Since wheat exports to Russia will be heavily concentrated between November 1972 and May 1973, demands for empty rail cars for grain loadings will be very heavy over the next few months.

An indication of overall railroad capacity is provided in table 20 which shows high, low, and average weekly carloadings of grains including soybeans, other farm products, and all traffic. The ratios of high weeks to average weeks show that loadings from week to week are considerably more stable for grains than are loadings for other farm products, but that the grain movements are

less stable than are movements for all railroad traffic. These ratios for both grains and all rail traffic are sufficiently close to 1 to suggest that rail capacity with which to meet sudden spurts in specific demands, such as the increased grain and soybean exports of fiscal 1973, is not easily developed.

Actions to Speed Rail Car Movement and to Prevent Port Jams

Problems in supplying empty freight cars suitable for hauling grain have occurred seasonally and cyclically for many years, in part because of empty rail car deployment practices. When the quantity of empty cars demanded exceeds supply, empty cars tend to be retained and reloaded near points at which cars become available. Grain and soybeans usually originate at country points far removed from the points at which empty cars first become available. Therefore, special actions have had to be taken on many occasions to move empty cars to country points for loading of these commodities.

The Interstate Commerce Commission (ICC) on October 3, 1972, issued Car Service Order No. 1112 directing railroads in the prompt placement, removal, and forwarding of cars, and providing for car storage charges to shippers on cars held for placement. The

Table 19--Railroad traffic volume of dry bulk agricultural commodities, selected years, and projected increase for fiscal year 1973.

Bulk commodities	Rail traffic ^{1/}			Increases in exports, FY 1973	
	1966	1969	1970	Total	Rail share ^{2/}
	----- Million metric tons -----				
Wheat	41.2	31.6	36.7	13.4	10.1
Corn, barley, rye, oats and sorghums..	50.3	38.8	46.2	5.8	4.1
Soybeans	9.9	10.0	12.7	1.5	1.0
Total	101.4	80.4	95.6	20.7	15.2

^{1/} Computed from Freight Commodity Statistics, Class I Railroads in the United States, Interstate Commerce Commission.

^{2/} Computed by assuming only one interior movement of commodity to export position, no truck movement, and typical distribution of traffic between rail and water.

Table 20--Weekly rail carloadings by shippers of grains, including soybeans, and other farm products, 1969-70.

Item	Grains, including soybeans	Other farm products	All rail traffic
	-----Thousands of cars-----		
High average week 1/.	34	28	579
Low average week 1/.	17	11	387
Average week	26	17	533
	-----Ratio-----		
High/average week ...	1.31	1.65	1.09

1/ Computed from total of comparable weeks of 1969 and 1970, as reported in Traffic World.

purpose of this order is to speed the flow of cars, increasing the annual capacity of the fleet. Similar actions in the past were not always adequate to supply empty cars for all demands. This is particularly likely to be the case in the months ahead if economic activity remains high and ports become jammed. Various elevators could have some problems in getting empty cars in adequate numbers.

An effective means available to the railroads and/or ICC for alleviating car supply problems in particular areas is that of car distribution. Car distribution directives instruct railroads terminating certain types of cars to deliver specified numbers of cars to railroads needing them for loading. In essence, this forces all shippers to share the available cars. There have been some railroad-activated directives this fall.

Ports and interior terminals sometimes become jammed with loaded freight cars billed to elevators. On some occasions, cars are stopped or otherwise delayed in

transit before reaching destination. However, railroads serving congested destinations can request the Association of American Railroads to embargo these so that other railroads in originating areas will not bill more loaded cars there until the congestion has eased. Several port facilities and at least one interior facility were embargoed in October 1972 for brief periods, and others appeared to be on the verge of embargo.

A partial reason for the small outmovement of Russian purchases of grain between July and September was the absence of a maritime agreement between the United States and Russia. One was reached in mid-October. The agreement, in brief, is that about a third of the sales will move in Russian vessels, a third in U.S. vessels, and the remainder in third-nation vessels. Thus, the potential for immediate jamming of U.S. ports because of the absence of ships for moving the Russian purchases should be considerably lessened.

FRESH BEEF ADS AND PRODUCT NAMES

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ABSTRACT: *A study of advertising of fresh beef items by 10 major retail chains in 8 cities revealed considerable variation in total number of items advertised from city to city and chain to chain. During a 1-year period, fresh beef items were listed 7,115 times in the 931 ads studied. The number of times these items were advertised by individual chains ranged from 221 to 676. About half advertised between 221 and 338 times during the year. Another finding was the great variety of names used for retail beef items obtained from the 8 major primal cuts. Of the 931 ads studied, 212 different names were listed for steaks, 151 for roasts, and 94 for "other" fresh beef items. The proliferation of names resulted from using the same names for items from different primal cuts, failure to consistently indicate whether items were bone-in or boneless, and using fanciful names to describe items.*

KEYWORDS: *Ads, fresh beef items, primal cuts, retail cuts, steaks, roasts.*

Weekend food ads are a regular feature in most newspapers and 1 or 2 page spreads are fairly common. Many consumers study these ads carefully for buying tips or as an aid to menu planning. Because of the importance of meat in the family food budget, a study was undertaken to measure the frequency with which various fresh beef items were being advertised. Meat is one of the more difficult items to select and can become even more so when apparently the same items are sold under various names, or when an item with the same name is identified as coming from different primal cuts. The proliferation of names found in this study strengthens the present concern over the variety of names being used for retail meat items and could lend support to the interest being generated in developing guides for naming retail cuts.

Data for this study were obtained from weekend newspaper ads of 2 or 3 retail food chains in each of 8 cities during May 1971-April 1972. Cities included Boston, New York, and Washington on the East Coast; Atlanta and Little Rock in the South; Cincinnati and St. Louis in the Midwest; and San Francisco on the West Coast. In general, the chains selected had an important share of the market and, in total, operated about 2,000 stores in these cities. Ads were studied to determine the frequency with which steaks, roasts, and "other" beef items such as ground beef, short ribs, brisket, and stew beef were advertised.

Fresh Beef Items Advertised

Fresh beef items were listed 7,115 times in the 931 ads studied. The number of times ranged from 221 by a

local chain in Boston to 676 by a New York chain. Over the year, about half of the chains advertised these items between 221 and 338 times.

The size of the metropolitan area to which the ads were directed appeared to have little influence on the number of times fresh beef was advertised. Chains in New York and San Francisco, the largest cities, advertised the most often. On the other hand, chains in Boston, the third largest city, advertised the fewest number of times.

A chain's share of the market also did not seem to influence the frequency of advertising. Some chains with the largest share of the market did advertise more often, but the reverse was also found. In addition, in 4 cities there was considerable variation among chains in the number of times these items were advertised. In Washington, for example, there was a difference of 310 between the chain with the highest and lowest number of times fresh beef items were advertised. In the 3 other cities, these differences were 217, 269, and 292.

Items Advertised Weekly

The number of beef items listed per ad varied widely among chains. Some ads covered a wide range of items from week to week while others followed about the same format each week. The greatest variation, from 3 to 31 items per ad, was observed in ads by a chain in New York; the least variation was observed in ads by a chain in San Francisco which advertised the same 12 items each week for 44 weeks and 14 items the rest of the year. Considering all ads, items listed per week ranged from zero to 31 with 6 the most usual number. Out of 931 ads, only 47 did not include fresh beef items.

Boston led in this respect with 31 of the 47 ads excluding fresh beef. In contrast, 6 chains sometimes advertised 20 or more items per ad. Among these, 2 chains, one in New York City and one in St. Louis, accounted for nearly 80 percent.

Types of Cuts Advertised

Steaks and roasts were the most popular cuts advertised. Together, these comprised 80 percent of the listings (table 21). But as shown below, the range in the number of steak items per ad was greater than for the other 2 types of cuts.

	:	Items	:	Most frequent	:	Share of
	:	included	:	number of items	:	weekly ads
Fresh beef	:	in a	:	listed in a	:	with no
cuts	:	single ad	:	single ad	:	fresh beef
	:		:		:	ads
	:		:		:	
	:	<u>Number</u>	:	<u>Number</u>	:	<u>Percent</u>
	:		:	<u>Percent</u>	:	<u>Percent</u>
Steaks	:	0 to 19	:	2	:	19
Roasts	:	0 to 10	:	2	:	19
Other	:	0 to 8	:	1	:	32
	:		:		:	30
	:		:		:	
	:		:		:	
All ads	:	0 to 31	:	6	:	10
	:		:		:	5

Beef Cuts by Name

Another finding was the great variety of names used for the fresh beef items obtained from the 8 primal cuts. Variation in names occurred from city to city, within the same chain having stores in more than one of these cities, from chain to chain within the same city and, from time to time, even in ads of the same chain in a city. This is considered significant because meat is one of the most important items in the family food budget and varying names can make buying difficult, particularly for consumers who shop several stores, and move from one neighborhood to another or to another city.

Of the 931 ads studied, there were 212 variations in the names listed for steaks, 151 for roasts, and 94 for "other" fresh beef items. During the year, not one name for steaks or roasts, even such widely recognized ones as sirloin steak and chuck roast, were found listed this way by all chains. Even within the same chain, names varied considerably. Chain A, for example, with stores in 5 of these cities listed 94 names for steaks and 81 for roast. There were only two steak names, porterhouse and sirloin, that were the same in its ads in all 5 cities.

Variation in Names of Retail Cuts

The proliferation of names used for fresh beef items resulted from:

- 1. Using the same name for items originating from different primal cuts,

- 2. Advertising the same item without indicating whether it had bone-in or was boneless and, at other times, adding one of these descriptive terms, and
- 3. Using fanciful names to describe the items.

A large share of the items advertised carried some indication of primal source. To a considerable extent, identification was given because it was part of the item's name such as chuck, rib, and round steak. At other times, it was shown in parenthesis following the item name as California steak (chuck). Confusion resulted from the fact that different primal sources were at times given for identical names. Swiss steak, which was included in 120 ads and described in 13 different ways, was sometimes listed without a primal source, and at other times as coming from the arm, shoulder, round, and bottom round. Similarly, the primal source of London Broil was variously listed as chuck, shoulder, and Swiss round. According to some authorities, London broil is not a cut but a method of preparing flank steak. Yet, none of the descriptions indicated flank as a source.

There appeared to be no consistent policy indicating whether an item had bone-in or was boneless. Some items were advertised by the same company, in the same city without any designation as to bone content and at other times with bone. For example, chuck steak; chuck steak, regular; and chuck steak, bone-in. Are these three items the same or different? (see illustration for a partial listing of the steak and roast names found in ads.)

Table 21.--Fresh beef advertisements 1/ by major type of cut, as listed in weekend newspaper ads, by selected chains in 8 cities, May 1971 through April 1972.

City and Chain	:	:	:	:	:	:	:	:	:	
2/	:	Steaks	Roasts	Other	Total	:	Steaks	Roasts	Other	Total
	:	Number			:	Percent				:
	:				:					:
Atlanta:	:				:					:
A	:	232	166	103	501	:	46	33	21	100
E	:	102	90	40	232	:	44	39	17	100
	:				:					:
Boston:	:				:					:
A	:	142	115	55	312	:	45	37	18	100
D	:	77	121	23	221	:	35	55	10	100
F	:	129	110	38	277	:	46	40	14	100
	:				:					:
Little Rock:	:				:					:
B	:	105	104	67	276	:	38	38	24	100
C	:	120	216	46	382	:	31	57	12	100
	:				:					:
Cincinnati:	:				:					:
L	:	158	71	68	297	:	53	24	23	100
B	:	120	104	110	334	:	36	31	33	100
	:				:					:
New York:	:				:					:
A	:	98	152	134	384	:	25	40	35	100
K	:	303	239	134	676	:	45	35	20	100
	:				:					:
San Francisco:	:				:					:
G	:	306	256	63	625	:	49	41	10	100
C	:	176	129	103	408	:	43	32	25	100
	:				:					:
St. Louis:	:				:					:
A	:	174	155	71	400	:	43	39	18	100
B	:	377	149	58	584	:	65	25	10	100
	:				:					:
Wash., D.C.:	:				:					:
A	:	162	121	55	338	:	48	36	16	100
H	:	138	37	104	279	:	50	13	37	100
C	:	251	217	121	589	:	43	37	20	100
	:				:					:
Total	:	3,170	2,552	1,393	7,115	:	44	36	20	100
	:				:					:

1/ From ads reproduced and distributed in the Weekly Composite Market Survey, Majers Research Company, Inc., Omaha, Nebr.

2/ In general, chains selected were those with the largest share of the market in each city. Chains with the same letter belong to the same company.

Illustration of names for steaks and roasts from designated primal cuts found in newspaper ads of 10 different chains in 8 cities, May 1971-April 1972.

CHUCK		RIB
Steaks	Roasts	Roasts
Chuck	Chuck	Rib
Chuck, bone-in	Chuck, bone-in	Rib, 2+
Chuck, semi-boneless	Chuck, semi-boneless	Rib, (1st 4)
Chuck, boneless	Chuck, boneless	Rib, (1-3rd)
Chuck, regular	Chuck, trimmed	Rib (4-5th)
Chuck, lean	Chuck, round bone	Rib, (5-7th)
Chuck, 1st cut		Rib, (4-7th)
Chuck, center cut	Chuck, 1st cut	Rib, (1st 4), semi-boneless
	Chuck, 1st cut bone-in	Rib, (1st 4), short cut
Blade	Chuck, center cut	
Blade, bone-in	Chuck, center cut, boneless	Rib, 5" cut
Blade, boneless		Rib, 5" cut, bone-in
Blade (chuck), boneless	Chuck, blade cut	Rib, 7" cut
Chuck, blade cut	Chuck, blade, bone-in	Rib, 7" cut, bone-in
Chuck, blade, boneless	Chuck, 7-bone	Rib, (4th & 5th) 7" cut
Chuck, blade cut,		Rib, (1-4th), 8" cut
bone-in	Chuck pot roast	Rib, (whole), 10" cut
Chuck, 7-bone	Chuck pot roast, bone-in	
Chuck, 7-bone,	Chuck with undercut, boneless	Rib, (short cut)
center cut	Chuck eye, boneless	Rib, semi-boneless
	Cross cut, boneless	Rib, boneless
Chuck fillets		Rib, feather bone removed
Chuck fillets, boneless	California	Rib, E-Z carve
Chuck eye fillets,	California (bone in)	Rib, large end
boneless	California (chuck)	Rib, small end
Top chuck fillets,	California (chuck), bone-in	
boneless	California pot roast	Standing rib
Top chuck, boneless	California pot roast (chuck)	Standing rib, (5" rib)
Top chuck, bone-in	California pot roast (chuck),	Standing rib (5" cut)
	bone-in	Standing rib, (last 3 ribs)
Chuck tenders	California pot roast (chuck),	Standing rib, (1-5th)
Chuck tenders, boneless	boneless	Standing rib, (6-7th)
Filet (chuck)		
Filet (chuck), boneless	Shoulder	Delmonico
	Shoulder, bone-in	Delmonico rib
California	Shoulder, boneless	Delmonico, boneless
California (chuck)	Shoulder (chuck), boneless	Rib eye
California (chuck),	Shoulder, center cut	Rib eye, boneless
bone-in	Shoulder, round bone	Rib eye, Newport, bone-in
California (chuck),	Shoulder clod, boneless	Rib eye, (whole), boneless
boneless	Shoulder cross rib	Rib eye, (half), boneless
	Shoulder cross rib, boneless	
Shoulder		
Shoulder, bone-in	Arm	
Shoulder, round bone	Arm, bone-in	
Shoulder, boneless	Arm, boneless	
	Arm, round bone	
Arm	Arm, center cut, boneless	
Arm, bone-in	Arm pot roast	
Arm, boneless		
Arm, Swiss		

At times, items usually considered boneless cuts were listed three ways—without a statement as to bone content, as boneless, and even as bone-in—for example, Swiss steak; Swiss steak, bone-in; and Swiss steak, boneless; or chuck fillets and chuck fillets, boneless).

Names of “other” beef items also contributed to the list of retail cut names and descriptions. One “other” beef item, brisket, was listed with no designation as to bone, as boneless, and with numerous descriptions such as front cut; front cut, boneless; straight cut and straight cut, boneless; point cut, and point cuts, boneless; and flat cut and flat cut, boneless. Ground beef and hamburger added to the variety of descriptions. The difference in these was largely due to specification of fat content which may be more widely understood than some of the other names.

Variations in other descriptive terms were also used. In ads of a chain in one city, sirloin steak was listed as sirloin, sirloin (with tenderloin); sirloin, well trimmed; sirloin, full cut, well trimmed; sirloin, well trimmed, bone-in; and sirloin, full cut, trimmed, during the course of the year.

Added to the foregoing names were the “fanciful” ones. Often these carried no indication of primal source. Some appeared to be of ethnic origin and not widely

used. Others were advertised as Pikes Peak, heart of round, face rump and Swiss steak (round) roasts. There were chicken, Manhattan and family steaks, and jiffy steaks cubed. Flanken and deckle and bracioli carried no additional labeling as to their use, such as for steaks or roasts.

Probably due to the proliferation of names being used for fresh beef items along with the mobility of our population, there has been generated some interest in reducing or, at least, achieving some standardization of the names used. Some consumer representatives have noted the need for more restraint in naming meat cuts. Massachusetts has had regulatory measures on meat labeling in effect for over a year, and a similar one in New York became effective April 1. Also, the National Livestock and Meat Board has discussed the problem with its members, believing that some latitude in the selection of names should be allowed as a merchandizing device provided a “retailer includes elsewhere on his label, in clear terms, the fundamental description of the cut.”

Two facts stand out. There is a great proliferation of names, and there is some interest in reducing these so that consumers will have a better idea of the cut of beef the name actually represents.

OUTLOOK CONFERENCE SCHEDULED FOR FEB. 20-22, 1973

The 1973 National Agricultural Outlook Conference has been set for Feb. 20 through 22, at the U.S. Department of Agriculture in Washington, D.C.

Central theme of the Conference will be “The Future Structure of Agricultural Production and Marketing.” Such topics as the long-range expansion of demand for agricultural products, input requirements of the food industry, significant trends in organization and control of the food and fiber sector of the economy, impact of environmental developments on agricultural production and marketing, and future

developments in the export market will be explored in depth.

The 1973 outlook for U.S. agriculture and the general economy will receive particular attention at the Conference. Sessions on the 1973 outlook for major commodities and rural family living will make up an important part of the Conference as usual. The Conference, sponsored by USDA’s Economic Research Service and Extension Service, will feature presentations and panel discussions by leading authorities in agriculture and business.

OUTLOOK 73



Table 22.--The market basket of farm foods by product group: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, quarterly 1971-72

Item	1971		1972		
	III	IV	I	II	III
----- Dollars -----					
Retail cost					
Market basket	1,260.01	1,252.48	1,287.52	1,290.66	1,321.14
Meat	380.56	382.67	411.52	413.56	432.00
Dairy	225.42	225.47	227.10	227.80	227.12
Poultry	51.34	49.41	50.35	49.56	50.99
Eggs	37.13	37.52	37.06	34.92	37.54
Bakery and cereal:					
All ingredients	192.74	190.92	191.19	191.51	191.20
Grain	-	-	-	-	-
Fresh fruits	62.15	53.34	53.04	56.72	63.66
Fresh vegetables	82.48	84.17	87.30	86.15	88.06
Proc. fruits and veg. ...	125.95	126.12	126.72	126.98	127.39
Fats and oils	44.77	45.32	45.41	45.22	44.71
Miscellaneous	57.47	57.54	57.83	58.24	58.47
Farm value					
Market basket	481.35	483.88	509.04	512.85	537.72
Meat	210.60	214.97	238.67	243.63	255.45
Dairy	105.23	105.68	107.83	107.67	108.22
Poultry	25.21	21.53	24.39	23.37	25.87
Eggs	21.18	21.22	20.45	18.03	22.02
Bakery and cereal:					
All ingredients	29.90	29.48	29.73	30.02	31.45
Grain	22.09	21.79	22.23	22.56	24.28
Fresh fruits	17.84	16.50	15.27	16.96	19.73
Fresh vegetables	24.14	28.77	27.26	27.11	30.33
Proc. fruits and veg. ...	23.18	22.84	23.40	23.76	23.65
Fats and oils	15.12	14.10	13.21	13.58	12.24
Miscellaneous	8.95	8.79	8.83	8.72	8.76
Farm-retail spread					
Market basket	778.66	768.60	778.48	777.81	783.42
Meat	169.96	167.70	172.85	169.93	176.55
Dairy	120.19	119.79	119.27	120.13	118.90
Poultry	26.13	27.88	25.96	26.19	25.12
Eggs	15.95	16.30	16.61	16.89	15.52
Bakery and cereal:					
All ingredients	162.84	161.44	161.46	161.49	159.75
Grain	-	-	-	-	-
Fresh fruits	44.31	36.84	37.77	39.76	43.93
Fresh vegetables	58.34	55.40	60.04	59.04	57.73
Proc. fruits and veg. ...	102.77	103.28	103.32	103.22	103.74
Fats and oils	29.65	31.22	32.20	31.64	32.47
Miscellaneous	48.52	48.75	49.00	49.52	49.71
Farmer's share					
----- Percent -----					
Market basket	38	39	40	40	41
Meat	55	56	58	59	59
Dairy	47	47	47	47	48
Poultry	49	44	48	47	51
Eggs	57	57	55	52	59
Bakery and cereal:					
All ingredients	15	15	16	16	16
Grain	11	11	12	12	13
Fresh fruits	29	31	29	30	31
Fresh vegetables	29	34	31	31	34
Proc. fruits and veg. ...	18	18	18	19	19
Fats and oils	34	31	29	30	27
Miscellaneous	16	15	15	15	15

Table 24.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, July-September 1972, April-June 1972, and July-September 1971

Product 1/	Retail unit	Retail price			Farm value			Farm-retail spread			Farmer's share		
		III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971
		----- Cents -----											
Beef, Choice	Pound	115.3	112.3	105.4	72.7	73.6	68.6	42.6	38.7	36.8	63	66	65
Lamb, Choice	Pound	120.5	116.4	111.8	66.1	64.2	60.5	54.4	52.2	51.3	55	55	54
Pork	Pound	86.1	79.9	71.3	51.6	44.3	33.6	34.5	35.6	37.7	60	55	47
Butter	Pound	86.6	87.1	87.5	59.7	58.6	58.0	26.9	28.5	29.5	69	67	66
Cheese, American process	½ pound	54.5	54.1	53.1	24.2	23.8	22.8	30.3	30.3	30.3	44	44	43
Ice cream	½ gallon	85.7	85.9	85.9	29.1	28.8	28.0	56.6	57.1	57.9	34	34	33
Milk, evaporated	14½-ounce can	19.7	20.0	20.2	9.4	9.3	9.1	10.3	10.7	11.1	48	47	45
Milk, fresh:													
Home delivered	½ gallon	69.1	68.9	67.7	30.1	30.1	29.5	39.0	38.8	38.2	44	44	44
Sold in stores	½ gallon	59.5	60.0	59.2	30.1	30.1	29.5	29.4	29.9	29.7	51	50	50
Chicken, frying	Pound	42.0	40.7	42.3	21.3	19.0	20.7	20.7	21.7	21.6	51	47	49
Turkey	Pound	55.0	55.2	55.5	27.6	27.7	28.3	27.4	27.5	27.2	50	50	51
Eggs, large Grade A ..	Dozen	52.1	48.4	51.5	30.5	25.0	29.4	21.6	23.4	22.1	59	52	57
Bread, white:													
All ingredients	Pound	24.7	24.7	25.0	3.8	3.6	3.5	20.9	21.1	21.5	15	15	14
Wheat	Pound	-	-	-	2.9	2.6	2.6	-	-	-	12	11	10
Bread, whole wheat ..	Pound	39.7	39.6	39.2	3.3	3.2	3.1	36.4	36.4	36.1	8	8	8
Cookies, sandwich	Pound	55.1	55.5	55.1	6.3	6.5	6.8	48.8	49.0	48.3	11	12	12
Corn flakes	12 ounces	31.0	31.3	33.1	2.1	2.0	2.2	28.9	29.3	30.9	7	6	7
Flour, white	5 pounds	58.9	59.4	60.1	22.8	21.0	20.6	36.1	38.4	39.5	39	35	34
Rice, long grain	Pound	23.9	24.0	24.0	8.2	8.0	7.7	15.7	16.0	16.3	34	33	32
Apples	Pound	28.4	24.8	27.2	8.7	7.9	7.4	19.7	16.9	19.8	31	32	27
Grapefruit	Each	23.1	17.9	23.2	6.7	4.9	6.3	16.4	13.0	16.9	29	27	28
Lemons	Pound	34.5	34.5	32.9	10.2	10.4	9.3	24.3	24.1	23.6	30	30	28
Oranges	Dozen	99.1	89.9	100.7	24.4	19.6	23.6	74.7	70.3	77.1	25	22	23
Cabbage	Pound	13.4	14.1	12.4	4.6	4.0	3.5	8.8	10.1	8.9	34	28	28
Carrots	Pound	19.8	21.3	23.9	6.0	7.5	8.4	13.8	13.8	15.5	30	35	35
Celery	Pound	21.7	22.4	19.7	7.6	5.5	5.7	14.1	16.9	14.0	35	25	29
Cucumbers	Pound	26.4	32.5	22.4	9.8	13.4	7.1	16.6	19.1	15.3	37	41	32
Lettuce	Head	31.4	31.5	32.9	10.4	9.6	9.6	21.0	21.9	23.3	33	30	29
Onions	Pound	21.1	15.6	15.4	8.6	5.4	4.8	12.5	10.2	10.6	41	35	31
Peppers, green	Pound	47.1	63.9	40.5	14.5	29.4	11.7	32.6	34.5	28.8	31	46	29
Potatoes	10 pounds	103.6	85.6	91.9	33.4	21.3	22.6	70.2	64.3	69.3	32	25	25
Tomatoes	Pound	42.5	49.5	43.8	17.4	18.1	16.1	25.1	31.4	27.7	41	37	37

Continued--

Table 24.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, July-September 1972, April-June 1972, and July-September 1971.

Products	Retail unit	Retail price			Farm value			Farm-retail spread			Farmer's share		
		III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971	III : 1972	II : 1972	III : 1971
		Cents											
Peaches, canned.....	No. 2½ can	37.5	37.4	37.2	7.3	7.3	7.4	30.2	30.1	29.8	19	20	20
Pears, canned.....	No. 2½ can	53.5	53.1	53.2	8.5	8.5	10.8	45.0	44.6	42.4	16	16	20
Beets, canned.....	No. 303 can	20.8	20.5	19.7	1.3	1.3	1.3	19.5	19.2	18.4	6	6	7
Corn, canned.....	No. 303 can	24.5	24.5	25.0	2.7	2.7	2.7	21.8	21.8	22.3	11	11	11
Peas, canned.....	No. 303 can	26.4	26.4	26.5	4.0	3.9	3.9	22.4	22.5	22.6	15	15	15
Tomatoes, canned.....	No. 303 can	22.9	22.6	22.7	2.8	2.7	2.6	20.1	19.9	20.1	12	12	11
Lemonade, frozen.....	6-ounce can	14.2	14.3	14.0	3.4	3.4	3.7	10.8	10.9	10.3	24	24	26
Orange juice, frozen..	6-ounce can	25.0	25.0	24.5	10.6	10.7	8.0	14.4	14.3	16.5	42	43	33
Potatoes, french fried, frozen.....	9 ounces	16.7	16.6	16.5	2.2	2.2	2.7	14.5	14.4	13.8	13	13	16
Peas, frozen.....	10 ounces	22.4	22.4	22.2	3.6	3.6	3.6	18.8	18.8	18.6	16	16	16
Beans, dried.....	Pound	24.9	24.6	23.0	10.2	11.2	11.8	14.7	13.4	11.2	41	46	51
Margarine.....	Pound	33.0	33.3	32.9	9.0	10.1	11.4	24.0	23.2	21.5	27	30	35
Peanut butter.....	12-ounce jar	50.4	50.7	49.5	16.8	16.8	15.5	33.6	33.9	34.0	33	33	31
Salad and cooking oil.....	24-oz. bottle	63.6	64.9	64.4	13.5	15.4	17.8	50.1	49.5	46.6	21	24	28
Vegetable shortening..	3 pounds	96.6	97.9	97.7	30.7	34.8	39.9	65.9	63.1	57.8	32	36	41
Sugar.....	5 pounds	69.3	69.6	68.5	29.5	29.5	29.7	39.8	40.1	38.8	43	42	43
Spaghetti, canned.....	15½-oz. can	19.6	19.2	19.1	2.2	2.1	2.0	17.4	17.1	17.1	11	11	10

1/ Primary products in the farm-food market basket.
2/ Preliminary.

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